

Digitized by the Internet Archive
in 2022 with funding from
University of Toronto

<https://archive.org/details/31761114671324>

20N
KC21
-P72

120



P-1

P-1

ISSN 1180-4327

Legislative Assembly of Ontario

First Session, 40th Parliament

Assemblée législative de l'Ontario

Première session, 40^e législature

Official Report of Debates (Hansard)

Wednesday 29 February 2012

Journal des débats (Hansard)

Mercredi 29 février 2012

Standing Committee on Public Accounts

Organization

Comité permanent des comptes publics

Organisation



Chair: Norm Miller
Clerk: William Short

Président : Norm Miller
Greffier : William Short

Hansard on the Internet

Hansard and other documents of the Legislative Assembly can be on your personal computer within hours after each sitting. The address is:

<http://www.ontla.on.ca/>

Index inquiries

Reference to a cumulative index of previous issues may be obtained by calling the Hansard Reporting Service indexing staff at 416-325-7410 or 325-3708.

Le Journal des débats sur Internet

L'adresse pour faire paraître sur votre ordinateur personnel le Journal et d'autres documents de l'Assemblée législative en quelques heures seulement après la séance est :

Renseignements sur l'index

Adressez vos questions portant sur des numéros précédents du Journal des débats au personnel de l'index, qui vous fourniront des références aux pages dans l'index cumulatif, en composant le 416-325-7410 ou le 325-3708.



LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
PUBLIC ACCOUNTSCOMITÉ PERMANENT DES
COMPTES PUBLICS

Wednesday 29 February 2012

Mercredi 29 février 2012

The committee met at 0903 in committee room 1.

ELECTION OF CHAIR

The Clerk of the Committee (Mr. William Short): Good morning, honourable members. It's my duty to call upon you to elect a Chair. Are there any nominations? Mr. Barrett.

Mr. Toby Barrett: Yes. Good morning, interim Chair. I apologize; I'm sitting in the wrong seat, but I thought I'd jump in before anybody else does. I wish to nominate Norm Miller to chair this committee.

The Clerk of the Committee (Mr. William Short): Mr. Miller, do you accept the nomination?

Mr. Norm Miller: Gladly. Thank you.

The Clerk of the Committee (Mr. William Short): Okay. Any other nominations?

Mrs. Liz Sandals: We'd just like to second it.

The Clerk of the Committee (Mr. William Short): Seeing none, there being no further nominations, I declare the nominations closed and—

Mr. David Zimmer: Hold it, hold it.

The Clerk of the Committee (Mr. William Short): Sorry, Mr. Zimmer?

Mr. David Zimmer: I'd like the nominee, before he's elected, to make a little speech.

The Clerk of the Committee (Mr. William Short): We'll get him up in the chair and he can give a speech to everybody.

There being no further nominations, I declare the nominations closed and Mr. Miller elected Chair of the committee.

Applause.

The Chair (Mr. Norm Miller): Thank you to the committee, first of all, for nominating me as Chair, and I look forward to this job. From my understanding, the public accounts committee has been relatively non-partisan in the past, and I hope that's a tradition we can continue. I understand it has done a lot of good work as well, so I look forward to chairing this committee.

ELECTION OF VICE-CHAIR

The Chair (Mr. Norm Miller): Are there any nominations for Vice-Chair?

Mrs. Liz Sandals: I nominate Mr. Barrett as Vice-Chair of the committee.

M^{me} France Gélinas: I second that.

The Chair (Mr. Norm Miller): And we have a seconder. Mr. Barrett, do you accept the nomination for Vice-Chair?

Mr. Toby Barrett: Yes, Chair, and I do wish to thank Ms. Gélinas and Mrs. Sandals for the nominations.

The Chair (Mr. Norm Miller): Any other nominations? No other nominations, so I declare Mr. Barrett as the nominated and affirmed Vice-Chair of the committee.

Applause.

Mr. Toby Barrett: Thank you.

APPOINTMENT OF SUBCOMMITTEE

The Chair (Mr. Norm Miller): The next order of business we have is to form a subcommittee of the committee. Mr. McNeely, you have a motion?

Mr. Phil McNeely: Chair, I move that a subcommittee on committee business be appointed to meet from time to time, at the call of the Chair or at the request of any member thereof, to consider and report to the committee on the business of the committee;

That the presence of all members of the committee is necessary to constitute a meeting;

That the subcommittee be composed of the following members: the Chair as chair, Ms. Sandals, Mr. Barrett, M^{me} Gélinas; and

That substitution be permitted on the subcommittee.

The Chair (Mr. Norm Miller): Any discussion or comments? None? All in favour of the motion?

M^{me} France Gélinas: Maybe I would have a comment. Are these the same terms and conditions that were there in the previous Parliament?

The Chair (Mr. Norm Miller): I believe they are, yes.

M^{me} France Gélinas: They are? Okay. Thank you.

The Chair (Mr. Norm Miller): All those in favour? Carried.

Now, that being done, we can move into closed session, and Mr. McCarter is going to brief us on a number of different issues, including some of the past work and business of the committee, which I'm sure will be especially beneficial for me, the Chair.

Also, as a new Chair, maybe it would be a good point at this time for the researchers to be introduced as well.

Interjection.

The Chair (Mr. Norm Miller): We can do that in closed session, sure.

The committee continued in closed session at 0908.

CONTENTS

Wednesday 29 February 2012

Election of Chair	P-1
Election of Vice-Chair.....	P-1
Appointment of subcommittee	P-1

STANDING COMMITTEE ON PUBLIC ACCOUNTS

Chair / Président

Mr. Norm Miller (Parry Sound–Muskoka PC)

Vice-Chair / Vice-Président

Mr. Toby Barrett (Haldimand–Norfolk PC)

Mr. Toby Barrett (Haldimand–Norfolk PC)

M^{me} France Gélinas (Nickel Belt ND)

Mr. Phil McNeely (Ottawa–Orléans L)

Mr. Norm Miller (Parry Sound–Muskoka PC)

Mr. Reza Moridi (Richmond Hill L)

Mr. Jerry J. Ouellette (Oshawa PC)

Mrs. Liz Sandals (Guelph L)

Mr. Jagmeet Singh (Bramalea–Gore–Malton ND)

Mr. David Zimmer (Willowdale L)

Clerk / Greffier

Mr. William Short

21
P72



P-2

P-2

ISSN 1180-4327

Legislative Assembly of Ontario

First Session, 40th Parliament

Assemblée législative de l'Ontario

Première session, 40^e législature

Official Report of Debates (Hansard)

Wednesday 7 March 2012

Journal des débats (Hansard)

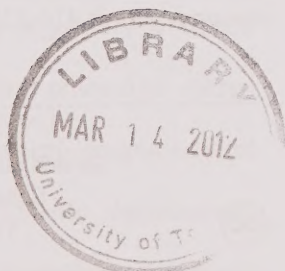
Mercredi 7 mars 2012

Standing Committee on Public Accounts

Subcommittee report

Comité permanent des comptes publics

Rapport du sous-comité



Chair: Norm Miller
Clerk: William Short

Président : Norm Miller
Greffier : William Short

Hansard on the Internet

Hansard and other documents of the Legislative Assembly can be on your personal computer within hours after each sitting. The address is:

<http://www.ontla.on.ca/>

Index inquiries

Reference to a cumulative index of previous issues may be obtained by calling the Hansard Reporting Service indexing staff at 416-325-7410 or 325-3708.

Le Journal des débats sur Internet

L'adresse pour faire paraître sur votre ordinateur personnel le Journal et d'autres documents de l'Assemblée législative en quelques heures seulement après la séance est :

Renseignements sur l'index

Adressez vos questions portant sur des numéros précédents du Journal des débats au personnel de l'index, qui vous fourniront des références aux pages dans l'index cumulatif, en composant le 416-325-7410 ou le 325-3708.

Hansard Reporting and Interpretation Services
Room 500, West Wing, Legislative Building
111 Wellesley Street West, Queen's Park
Toronto ON M7A 1A2
Telephone 416-325-7400; fax 416-325-7430
Published by the Legislative Assembly of Ontario



Service du Journal des débats et d'interprétation
Salle 500, aile ouest, Édifice du Parlement
111, rue Wellesley ouest, Queen's Park
Toronto ON M7A 1A2
Téléphone, 416-325-7400; télécopieur, 416-325-7430
Publié par l'Assemblée législative de l'Ontario

LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
PUBLIC ACCOUNTSCOMITÉ PERMANENT DES
COMPTES PUBLICS

Wednesday 7 March 2012

Mercredi 7 mars 2012

The committee met at 0935 in committee room 1.

SUBCOMMITTEE REPORT

The Chair (Mr. Norm Miller): I call the committee to order.

The reason I called this meeting is that, in discussions with the clerk, it was clear, first of all, that we were having difficulty getting someone to come before the committee on the 21st, and then the subcommittee had been in discussions and wanting to have the Ornge presentations take three weeks, there was concern that, depending on how much time was devoted to committee writing, we may get through only one or two of the choices. The clerk advised that he thought the discussion about perhaps needing extra time would best be done by the complete committee.

We do have a subcommittee report that is almost final, which we can discuss and get some additions to, to begin the meeting, and see about getting that passed.

Mrs. Liz Sandals: Do you want me to move the report? Okay. I'm assuming you want me to read the whole thing—speed reading?

The Clerk of the Committee (Mr. William Short): Sure, and then we have two amendments to it.

Mrs. Liz Sandals: Okay.

Your subcommittee met on Wednesday, February 29, 2012, to consider the method of proceeding on the 2011 annual report of the Office of the Auditor General and recommends the following:

(1) That each party make two selections from the 2011 annual report of the Office of the Auditor General.

(2) That the following sections from the 2011 annual report of the Office of the Auditor General be selected for review by the committee:

—section 3.01, auto insurance regulatory oversight (third party selection)

—section 3.03, electricity sector renewable energy initiatives (official opposition selection)

—section 3.05, forest management program (third party selection)

—section 3.09, Legal Aid Ontario (government selection)

—section 4.07, Literacy and Numeracy Secretariat (government selection)

(3) That the outstanding selections from the third party and official opposition party be provided to the clerk of

the committee no later than Wednesday, March 7, 2012, at noon.

(4) That the committee commences consideration of the selections from the 2011 annual report of the Office of the Auditor General on Wednesday, March 21, 2012.

(5) That upon receiving the special report from the Auditor General on Ornge, the Standing Committee on Public Accounts commences hearings Wednesday of the following week.

(6) That the Standing Committee on Public Accounts does not meet on the date the provincial budget is presented.

(7) That the committee clerk, in consultation with the Chair, be authorized prior to the adoption of the report of the subcommittee to commence making any preliminary arrangements necessary to facilitate the committee's proceedings.

The Chair (Mr. Norm Miller): Thank you.

Toby, do you have an amendment?

Mr. Toby Barrett: Yes. First of all, I want to thank the subcommittee for allowing that leeway to give us, and the third party, for that matter, a bit more time to think about our selections. We just thought it a little short notice, so thank you for that.

Our remaining selection is section 4.14, unfunded liability of the Workplace Safety and Insurance Board.

The Chair (Mr. Norm Miller): Thank you. All in favour? Agreed?

Mrs. Liz Sandals: As amended?

The Chair (Mr. Norm Miller): As amended, yes. Agreed?

France?

M^{me} France Gélinas: I wanted to bring two changes. I know that, first, I had said forest management program for one of our selections, but I had changed it to the energy regulatory oversight. I thought I had communicated this, but I must not have. So can I change it now?

The Chair (Mr. Norm Miller): Can I just interject on that, which may affect your decision? We're having quite a bit of difficulty trying to arrange to have anyone come on the 21st, and the deputy ministers and the ministry we have been able to arrange on the 21st now is forest management.

M^{me} France Gélinas: Oh, really?

The Chair (Mr. Norm Miller): Yes. So the odds are we'll have nobody on the 21st if we change it at this point; that's the only thing I would advise.

M^{me} France Gélinas: All right.

Mr. Toby Barrett: I might just comment that, having gone through this—and forest management, of course, is very interesting for us, but I can appreciate it, having gone through the deliberations back and forth, and I'd hate to go through days of testimony for something that the third party is not interested in hearing about now. So I would hope the flexibility would continue. We're making decisions now on hours and hours of testimony and questions; I hope there's some leeway for the third party. Those are my thoughts.

The Chair (Mr. Norm Miller): Any other comments?

0940

M^{me} France Gélinas: I will dig through my email and see who I sent it to, but I did communicate that it was not going to be forest management but electricity, regulatory oversight.

The Chair (Mr. Norm Miller): I'm not sure where that email went. The clerk is telling me he hasn't received it, that he's aware of, anyway.

M^{me} France Gélinas: All right. Then let me think about that one, but I'll deal with the next one, and the next one has to do with an amendment to point 5, where I think we could add that we deal with Ornge for a period of three weeks, which would help with the scheduling of things—be added to point 5.

The Chair (Mr. Norm Miller): All in agreement?

Mrs. Liz Sandals: Yes. We've got three weeks of hearings, and I think we had actually identified the dates for that, so if you want to put the dates right in, I think that's probably safe.

The Chair (Mr. Norm Miller): That's up to the committee, so you can either have "three weeks" or the dates; "three weeks" might be a little more flexible.

Mrs. Liz Sandals: Just put three weeks in, but the understanding was then—yes, that's fine, if you just want to put in three weeks, but we anticipate, then, that that would be March 28; April 4 and April 18.

The Chair (Mr. Norm Miller): But, for flexibility, we'll just put three weeks in the motion, in case—

Mrs. Liz Sandals: Yes, that's fine. As long as we get the three weeks.

The Chair (Mr. Norm Miller): —he doesn't report when we anticipate?

Jerry?

Mr. Jerry J. Ouellette: Back to the original point that they were talking about, regarding—

The Chair (Mr. Norm Miller): Oh, sorry. Can we deal with that amendment. So the three weeks, is that agreed to?

Interjection.

The Chair (Mr. Norm Miller): Of the hearings.

M^{me} France Gélinas: Of the hearings, yes, of course.

The Chair (Mr. Norm Miller): And then there will be report writing—

M^{me} France Gélinas: The report writing and everything we can't control. It's all in your hands, guys.

The Chair (Mr. Norm Miller): All in agreement? Agreed.

Okay. Sorry, Jerry.

Mr. Jerry J. Ouellette: So what I'm hearing in regard to the committee hearings is that if the third party changes their position, chances are there would be nobody available to present on the 21st?

The Clerk of the Committee (Mr. William Short): Unless the deputy minister that they're changing to is available.

Mr. Jerry J. Ouellette: Is this a first choice change that you're making, so your other one that you're replacing this with would be a first choice or a second choice?

M^{me} France Gélinas: I would say auto insurance is our first choice and energy, regulatory oversight, is our second choice.

Mr. Jerry J. Ouellette: So what is the likelihood, in the time frame remaining in the House schedule, for us to get to the—so we have Ornge, we have our position, the third party, then the government and then our position, and then the NDP's, in order to fit that time frame.

The Chair (Mr. Norm Miller): Perhaps what I should do is ask Will to go through what his best guess is for how much work we would be able to do in the available time through till June 6, so that gives everybody an idea.

Mr. Jerry J. Ouellette: That's exactly what I'm asking.

The Chair (Mr. Norm Miller): Thank you, Jerry.

The Clerk of the Committee (Mr. William Short): I'll give a little bit of detail, and then I'll turn it over to Ray just to talk about the report writing, because we have a couple of options we could do with that.

Assuming that if we make a change right now to the subcommittee report and we cancel MNR from coming in on the 21st, and let's say that no one will be available on the 21st, the first item that we would most likely deal with would be the special report on Ornge for three weeks; hypothetically, let's say the March 28, April 4 and April 18.

That would leave us, on the 25th, with scheduling a pick from one of the three parties. We could do Wednesday, May 2, a pick of one of the three parties, and then we could do Wednesday, May 9, a pick of one of the three parties, but then we'd be incredibly tight for report writing for Ornge and three sections with only the following three Wednesdays available for report writing.

It was suggested that we meet in the morning and in the afternoon for report writing. It could also be suggested that we start earlier in the morning to deal with report writing, because we have more flexibility in the morning than we do in the afternoon. We're only available to meet until 3, until routine proceedings—

The Chair (Mr. Norm Miller): And earlier in the morning—

The Clerk of the Committee (Mr. William Short): Like 8. I know that's happened in the past; I know the committee has met as early as 8 to come in to do report writing. On rare occasions that's happened. But—

Mrs. Liz Sandals: To do that every week is a bit of a stretch.

The Clerk of the Committee (Mr. William Short): Yes. I'll give just a little bit of time for Ray just to talk about reporting, and then you can open the floor to general discussion on how people feel about this.

Mr. Ray McLellan: I think that people on the committee have been through this before—Ms. Sandals and Mr. Zimmer and Mr. Ouellette. My best guess is, to be realistic about this, and I think that with dedicating the three days to Ornge, which I certainly understand—so on the 18th, I would go away and start to write that report, and realistically, we're probably looking at six or seven days of straight writing to get that done. It would be brought back, I would think, around May 9. Then I think there would be full dedication to looking at Ornge on the 9th. In the interim—certainly on the 25th and the 2nd—you could start dealing with one of your three picks. Ornge would probably go from the 9th into the 16th, I would think. You could schedule—and you don't have to worry about the dates too much, but I can see the 25th as being one of the picks, May 2 being another pick and May 16 being another pick, with maybe the 9th going straight to Ornge. Ornge would come back on the 30th, I would think, and then we'd probably be dealing with a report from one of the three picks. We'd try to finish those off on the 6th. Realistically, based on my experience over the years, I think if you get through—two reports, absolutely, and lucky to do the third.

In an ideal situation, from a research perspective, if we started our work on December 1, which we've done over the years, and worked right through until the middle of June, we would get five done. But we've lost almost four months. So, realistically, we're certainly going to go full tilt, but to be honest about it, I would say two, and we'd be lucky to get a third one done.

I know when you get into something as controversial—when we went back to eHealth, for example, eHealth was more complicated than any of the other reports we've done over the years in here. Certainly, Ornge is going to be more complicated than other reports. It won't be as straightforward as MNR, for example, if we were doing that. I've had a chance to read through it.

I could be wrong, but if I had to gamble, I would say we'll get two and a half reports done and table two, and the other one would probably be left dangling.

Mr. Jerry J. Ouellette: Does that include the 21st or not?

Mr. Ray McLellan: I'm taking the 21st, with MNR, out of the mix. I've started on MNR, by the way, but that doesn't matter. Setting the 21st aside, go with Ornge on the 20th and motor right through. Ornge will be a longer report to try to get consensus on and work through. Having said that, that's my best guess.

The Chair (Mr. Norm Miller): Liz?

Mrs. Liz Sandals: When I was thinking MNR—and we did get the deputy from MNR to come on the 21st. I obviously haven't talked to these folks, but I'm guessing

that if we couldn't get the deputy to do renewable energy on the 21st, that we're not going to get the deputy to do a different chapter on energy on the 21st; it's the same deputy. If we switch from MNR to energy, it's a foregone conclusion that that deputy can't show up, because he already said he couldn't show up. So if we switch from MNR, what I was thinking, when we thought it was MNR and we thought we did have the deputy, was if we did one pick from each party and went with MNR on the 21st—and then I would suggest that we, from the government side, do the chapter 4, because usually we don't do as extensive report writing on chapter 4s.

So if we looked at the schedule where we would actually be starting report writing on the 9th but have done three selections on March 21, and then after Ornge, April 25 and May 2—that way we would be done one pick from each party. We'd have eight half days for four reports, and by picking that chapter 4, we've made one report easy. So you sort of gain a half day on Ornge, if we can get down to just one half day. It might be doable to get through one pick per party, but if we don't start on the 21st, I'm inclined to agree with Ray that it's impossible to get through one pick per party.

0950

M^{me} France Gélinas: I agree. I know where the confusion came from: It came from me. I apologize for it. There is no point in bringing MNR here. So let's put this one aside, and let's deal with the fact that this is not our pick.

Our first choice is FSCO, and this is the one I would really want to focus on. Our second choice is energy. So let's start the conversation from there.

The layout of what we do when—nobody has a crystal ball for the future, but it's as good a guess as any with the information we have now.

The Chair (Mr. Norm Miller): So, France, are you going to move a change in the subcommittee report, then, to change your choice?

M^{me} France Gélinas: Yes, please.

The Chair (Mr. Norm Miller): Can you restate it for the committee, then, please?

M^{me} France Gélinas: Sure, that our second choice be the—unfortunately, I don't remember the section number, but it would be the electricity regulatory oversight.

Interjection.

The Chair (Mr. Norm Miller): Section 3.02.

M^{me} France Gélinas: Section 3.02. Thank you.

The Chair (Mr. Norm Miller): Okay. Any more comments? Yes, Jagmeet.

Mr. Jagmeet Singh: Yes, thank you. With respect to our first choice, which is auto insurance regulatory oversight, what was the feedback from that ministry, I guess the Minister of Finance?

The Chair (Mr. Norm Miller): They weren't available, and I think there was a letter—

Interjection.

The Chair (Mr. Norm Miller): So every single section was contacted with regard to March 21, and none were able to come.

Interjection.

The Chair (Mr. Norm Miller): Except for the MNR.

Mr. Jagmeet Singh: Okay. Thank you.

The Chair (Mr. Norm Miller): Yes, Ray, please.

Mr. Ray McLellan: If I can just go back to Ms. Sandals's point—

M^{me} France Gélinas: I don't think we've voted yet on the change.

The Chair (Mr. Norm Miller): No, we haven't. Okay, so we're voting on France's change to the subcommittee report to change the NDP choice. All in favour? Agreed? Agreed.

Ray?

Mr. Ray McLellan: Sorry about that. I just want to go back quickly to amend my comments too for members who are new to the committee.

As Ms. Sandals said, sections 4.07 and 4.14, because they are not full value-for-money audits, they're follow-ups, and those follow-ups are not audits—they're really just Mr. McCarter going back to check on the status of his recommendations. So those, quite correctly, travel through the committee, or have over the years, very, very quickly. In other words, to put a figure on it, I'd say probably 25% of the time you would be required to deal with those, as opposed to a full audit. Whereas Ornge would take a concentrated effort, 4.07 and 4.14 would travel a lot quicker, so that would expedite things. Thanks.

The Chair (Mr. Norm Miller): Thank you for making that clear.

Any further comment on the subcommittee report, as amended?

Mrs. Liz Sandals: Well, I—no, vote on it, and then I'll comment again.

The Chair (Mr. Norm Miller): So we'll put the vote on the subcommittee report, as amended, then. All in favour? Carried.

Yes, Liz, please.

Mrs. Liz Sandals: Given what Ray just said, is it feasible to do 4.07, 4.14 and then one of the third party selections, and then park the others till the fall? I mean, the issue isn't whether or not the public accounts committee will exist in the fall. I think the issue is, the way the motion was structured, that we may not be the people on the committee in the fall. I can't imagine the public accounts committee is going to disappear, because I don't think any party wants it to disappear. So we could park the other three chapters, one from each party, to the fall. It's just that it doesn't make much sense to deliberately do hearings in the spring if there may be different people to do the report writing in the fall, so that we want to do hearings, report writing—I don't know whether that's feasible, but that's the only way I can see getting through one selection per party in the time we've got available, if we're spending three weeks on Ornge.

The Chair (Mr. Norm Miller): Certainly. Toby has a comment.

Mr. Toby Barrett: Further to that and also further to the letter we have received from the Ministry of Energy,

the official opposition, our first choice, is 3.03, renewable energy. That is our first choice. I don't know whether—I guess we have a letter; maybe it takes another letter or another communication—but we do wish to go forward with our first choice as soon as possible. I know that the deputy is not available in March. We're doing Ornge on into April. I would hope that the opposition's first choice would go ahead after that.

The Chair (Mr. Norm Miller): So what you're saying is, if it comes down to doing one section, the section you'd like would be 3.03, electricity sector, renewable energy initiatives.

Mr. Toby Barrett: Yeah. That is the opposition's first choice.

I don't know the protocol as far as rotation or priority—

The Chair (Mr. Norm Miller): I think it's based on who we're able to get in terms of deputy ministers and other officials.

Mr. Toby Barrett: Just further to that, if there's a problem with that, having not sat on the committee, I don't know whether the committee has had an emergent meeting on a Monday to catch up with some of this, because we're starting so late. We had an election and then—

The Chair (Mr. Norm Miller): We'd need permission from the House.

Maybe what I should ask is, Liz was suggesting that we meet both the mornings and afternoons on—

Mrs. Liz Sandals: Every Wednesday.

The Chair (Mr. Norm Miller): —every Wednesday as a means to be able to get more done, I guess, in the short time we have available.

Mr. Jerry J. Ouellette: I thought that just assumed. I didn't think that there was any question that it was going to be anything other than that.

Mrs. Liz Sandals: Historically, when we've been report writing, we've often just met in the mornings. But we already have authorization to meet morning and afternoon, so we can expedite report writing by meeting morning and afternoon. I'm already counting that in how many hours we get to do report writing.

The Chair (Mr. Norm Miller): I think Will has as much as he needs at this point to be able to go about his work of trying to set things up now, so I think we've accomplished all we need to for this morning, unless there's anything else? France.

M^{me} France Gélinas: I would like to table a motion. If it's okay, I would read it into the record.

The Chair (Mr. Norm Miller): Go ahead.

M^{me} France Gélinas: Is it? Okay. Thank you.

The Chair (Mr. Norm Miller): I gather that the usual procedure is to give some sort of advance warning. Am I correct on that?

Interjection.

The Chair (Mr. Norm Miller): Past practice in the committee is to give some advance warning, but go ahead and read it into the record.

M^{me} France Gélinas: I'm not very good with that, am I? Okay, I'll improve. How's that?

I move that the Standing Committee on Public Accounts immediately request that the Auditor General examine the contracts between the Ontario Power Authority and gas-fired plants proponents TransCanada Corp. (Oakville) and Greenfield South Power Corp./Eastern Power (Mississauga), focusing specifically on the potential cost to ratepayers of the government's 2010 and 2011 decisions to cancel the projects, and report back in a special report.

Basically, what I'm asking the auditor to do is to look at how much did it cost to cancel those projects and to report back to this committee.

The Chair (Mr. Norm Miller): We should get that written out, should we—or a copy for everyone, please?

M^{me} France Gélinas: A copy for everyone, please.

The Chair (Mr. Norm Miller): Will can get it copied.

Mrs. Liz Sandals: A point of order: We're supposed to get written notice when a motion is that complicated, so let's just take it as a given that we won't be debating that till the next meeting.

1000

The Chair (Mr. Norm Miller): Let me get some advice from the clerk, please.

Okay. So there's nothing in the standing orders that says you have to give notice. It has been the past practice of the committee to give notice, though.

We should recess so that the clerk can copy this motion. We'll give you a five-minute recess for the clerk to copy it.

The committee recessed from 1002 to 1007.

The Chair (Mr. Norm Miller): Okay. So we've now got a copy of the motion put forward by the member from Nickel Belt. Debate?

Mr. David Zimmer: Just a second. Where is my copy?

The Clerk of the Committee (Mr. William Short): Oh, sorry. I think there are two with Mr. Moridi.

Mr. David Zimmer: Just give me a second here.

The Chair (Mr. Norm Miller): Sure, no problem.

Mr. David Zimmer: Thank you.

The Chair (Mr. Norm Miller): Comments? France.

M^{me} France Gélinas: So, as has been the practice in the past, we have tried to work with consensus here, and we have really tried to move things forward, basically for the good of the taxpayer and for the good of the people that we represent.

The Auditor General has taken direction from this committee before, and from his statement from before, the fact that we're having this conversation, you know—he's not foreign to the fact that I will have tabled that motion. If it comes from a recommendation from this committee, then he really looks at his workload and looks as to when it would be feasible.

We are not putting a gun to his head. He still will decide, on his own accord, as to when this will take place, but he will take into account the fact that it is the

wish of this committee that he look at the value for money that the people of Ontario got through those two deals. This is something that is perfectly within his scope and ability to do. This is something that he could decide to do on his own. This is something where he will know that at least one of the parties—and once you talk, we will know how many of us are interested, but I think if it was to be brought forward as consensus building, this is an area of interest to the people of Ontario. The fact that our hydro bill keeps going up is something that I'm sure we've all heard about. Here's an opportunity to show that we want transparency in some of the decisions that are made, and who else but our auditor to really tell us the goods as to the value for money that we got?

So I'm asking for the committee to support this motion with the full understanding that we are not in a position to tell the auditor when he does the work. He is a big man who will decide within the allocated resources when this work gets done, but he will know that this is work that we would like him to do, and that once this is done, we would like him to report in a special report here again. We're not taking any decision power away from his scheduling and all of this. What we're doing is asking him now to look at doing value-for-money audits on those two contracts.

1010

The Chair (Mr. Norm Miller): Thank you for your comments, France. David?

Mr. David Zimmer: While I appreciate the intent, where the member is trying to go with this, it strikes me that the whole thing is premature. I mean, the motion says it wants to focus specifically on the potential cost to the ratepayers of the decision to shut those down, but what's going on now is that the government and the two private sector companies, the one involving the Oakville situation and the one involving the Mississauga situation, are in the midst of the negotiations to figure out who's going to pay how much, if any, as a result of the government's decision to cancel the contracts. Those are very, very delicate and very, very sophisticated negotiations.

Now, put yourself in the mind of the negotiators, either on behalf of the government or on behalf of TransCanada Corp., which is the Oakville situation, or Greenfield South Power Corp., which is the Mississauga situation. Their negotiators are sitting around the table and they're back and forth about who's going to pay what and so forth and so on. And suddenly it's announced that the Auditor General is going to look into or come and do an investigation or an audit to give his opinion on what the potential costs are as a result of these decisions and who's going to pay those amounts of money and all of those other sorts of things.

If you're a negotiator now for the government trying to get the best deal, you've got a real problem on your hands. Your decision then is, "Well, do we stop the negotiations and wait and see what the auditor does? Do we continue with the negotiations?" The same problems are on the backs of the two private sector companies, and, I

would argue, the Auditor General is in a very difficult position because he's now a third party going in there with his view of things, which may alter the positions of the negotiating parties.

So I think the whole thing is premature. We ought to sit back and let those discussions conclude and the parties will settle those differences between themselves. Then, frankly, it may be appropriate—it probably is appropriate—for the Auditor General to step in and look at that resolution and the events leading up to the resolution and say, “This is what happened. This was a good deal; this was a bad deal,” etc. But let those negotiators finish their work. Do not tie their hands. Do not put them in a compromising situation.

Here are two examples from other fields: Supposing there was a labour negotiation going on now between the government and some of its unions, and in the middle of the negotiation, this committee sent in the Auditor General to do some report on some aspect of the events surrounding that labour negotiation. That would really throw a wrench into the system, and we wouldn't do that. We'd let those negotiations conclude and then take a look at it.

A second example might be, supposing there are negotiations arising out of this recent rail crash out Burlington way. So the railway company is in there and the various government agencies are in there and the other parties are in there, assuming it was an ONR or a GO train thing, and we suddenly send in the auditor to get in there to give his opinion on who did what and how much it should cost and so forth. That's just premature.

So for those reasons, I'm not able to support this motion.

The Chair (Mr. Norm Miller): Further comments?

Mr. Toby Barrett: Yes. I support the motion. I know what we just heard during committee deliberations: this committee has not met for many, many months. I'm not sure when the last formal hearings were—probably last spring sometime, was it?—which suggests there is a backlog of issues where we, as elected representatives, should be giving some direction to the Auditor General. I can understand why this committee hasn't met: There was an election last fall about the time some of this stuff was going on, and then lack of agreement amongst the three parties as far as establishing all of the committees. Some of them are yet to be established, as I understand. So, I mean, this is natural; we're going to have these issues come forward because of a backlog going back—gosh, almost a year, in one sense.

I know it was mentioned; this is complicated. I know the concern about wading into something midstream, but as I recall, much of these decisions occurred something like last October; here we are into March. We do know the Auditor General was wading in in the midst of the Ornge controversy. I don't think the Ornge situation has been settled, but even though there are probably some negotiations going on on many, many issues with respect to Ornge ambulance, which many people in the public are still trying to get their head around, what's going on

there, the Auditor General has been empowered. I'm not sure when he first was asked to look at Ornge, but he's wading in even though we don't have the final information with respect to Ornge.

eHealth: Now there's something else the Auditor General looked at. eHealth, in my mind and certainly in the minds of my constituents, has not been resolved. You know, we hear figures of \$1 billion with respect to eHealth. People ask me, “Are we going to get any of that money back?” I mean, it's fine to see something like that occur and to see that kind of money go down the drain in the eyes of many people, but the question is: Well, that's fine; you can apologize and the money disappeared, but people want to know if they're going to get the money out of some of these people who were responsible for those kinds of expenditures. It's the same with Ornge and the same with this motion with respect to both Oakville and also Mississauga.

I mean, the only information I have and my constituents have—we don't live in Oakville or Mississauga; we just hear about the billion-dollar man. Well, is that accurate? Is this a billion-dollar issue? Is it a billion for each one? I think that it's going to be—as with eHealth, as with Ornge, it takes a long time to get these things wrapped up. In the meantime, I see no reason why the Auditor General should not be alerted to this and empowered to begin to take a look at these two issues as well. As with Ornge and as with eHealth, I don't see the rationale why there would be something that it would be ill-advised for the Auditor General not to look at in Oakville and Mississauga with respect to the power generating stations there.

The Chair (Mr. Norm Miller): France?

M^{me} France Gélinas: Thank you. I think we shouldn't underestimate the good judgment of our auditor. We have been well served by him and his office and he has shown good judgment in other positions. I have full confidence that if the auditor felt that his work was going to hinder any negotiation, he would report back to this committee and let us know. I have full confidence in the good judgment of him and his office. We will ask him to do something. If he comes back to us and says that he has reservations about doing all or part of the work, I would be in full compliance with whatever our auditor tells us.

But I think from where we sit, we're doing him a discredit by thinking that he hasn't got the good judgment to report back to us if there were to be ill or adverse effects from the direction we've given him. I have full confidence in him and his office.

1020

The Chair (Mr. Norm Miller): Further comment? Mr. McNeely?

Mr. Phil McNeely: You were going first, Reza.

The Chair (Mr. Norm Miller): Go ahead, Reza. You seem to be ready there.

Mr. Reza Moridi: Thank you. We also have full confidence in the Auditor General. We know the Auditor General has been doing a great job in looking at the government's books. In the past, he has done a great job,

and we have full confidence in his judgment. But in the meantime we don't want to put the Auditor General in a difficult position.

As a person who has done lots of business negotiations in his past life before entering politics, I assure you that under these kinds of circumstances, when you are doing business negotiations, particularly when there is a conflict on a business contract as complex as a power station—in this case, we are dealing with two power station contracts which have been cancelled or moved, and very tough business negotiations are going on between two parties. Under these conditions you don't want another person to come in and basically start looking around. You want business negotiations to go on properly, based on business norms. Once it is done, of course, the Auditor General can look at the books at any time he wishes, or his office wishes. But the timing and the procedures have to be right.

I think at this point it's not appropriate for us to ask the Auditor General to look into this case. Mr. Zimmer gave some examples. I think it is right that when there's a labour dispute, for example, you don't want to interfere. You want both sides to get to the table, and once they have done their negotiations, then of course you want to go and look at it.

The Ornge or eHealth examples, I think, don't apply to this particular case, because here we are dealing with business negotiations—contract cancellations between two parties; one side is government and the other side is the contractors. As I mentioned earlier, the contracts are, I'm sure, very complicated in terms of the size of the power plant projects, so it's very involved.

At this point, just speaking purely from a business point of view, Mr. Chair, I think we have to let the two business parties—on one side, government, and on the other side, the contractors—do their business negotiations and come to a deal. Once things are settled, then the Auditor General can indeed go in and take a look at the books and see what happened, how it happened or whatever. But at this point, I think it's very premature for us to request that the Auditor General interfere in this business.

The Chair (Mr. Norm Miller): Thank you, Reza. Phil, did you have comments?

Mr. Phil McNeely: I'd just like to support the positions taken by Zimmer and Moridi here on the appropriateness of us telling the Auditor General what he should do in, I'm sure, a very busy schedule for himself. He's going to be able to choose to do this for his report, which comes out this fall. I don't think the timing is much different if he decides to proceed, but I will certainly not support this motion.

The Chair (Mr. Norm Miller): Thank you. Jerry?

Interjection.

Mr. Jerry J. Ouellette: Oh, sure. Go ahead.

Mr. Toby Barrett: I just want to jump in. With respect to Ornge, was there direction given to the Auditor General as far as—we know it's a government ministry, there's private sector involved, there are contracts with

the AgustaWestland helicopter company, I assume someone signed a contract with the fixed-wing airplane company Pilatus that—

The Chair (Mr. Norm Miller): Of course, the Auditor General is not here today to talk about it.

Mr. Toby Barrett: But certainly Ornge—there's public sector-private sector, there's an Italian helicopter company. I don't know who makes the—

Mrs. Liz Sandals: Could we correct the record here on Ornge? The Auditor General's annual report is based on audits which the auditor chooses to do, not on audits which the committee directs him to do. If the committee directs him to do it, it's a special audit, which is what we're discussing here, which was the case with eHealth.

Ornge was initiated by the auditor as a routine audit which was originally going to become part of his annual report, but because he ran into the same sort of stonewalling in doing his research that everybody else has run into, he didn't have it ready in time to include in his annual report. So it's like we're getting a late chapter. But he didn't get any direction; he just went in and did it as part of his normal annual report.

The Chair (Mr. Norm Miller): Thank you for that clarification. If we could stick to discussion about the actual motion—and Gilles, I think, has been patiently waiting to comment.

Mr. Gilles Bisson: Listen, this committee has been pretty non-partisan, even in the case of majority governments. I look back at yourselves as a majority, the Tories and ourselves in times of government, and there has been a fair amount of co-operation on all sides in order to look at the public accounts and to deal with what needs to be dealt with.

For example, the whole issue of the eHealth scandal that happened in the last Parliament: You know, the government understood that there needed to be a clearing, an investigation as to what happened. The government supported, if I remember correctly, that particular request. Right?

M^{me} France Gélinas: No. The request was for use of consultants.

Mr. Gilles Bisson: That's right, okay. But the point is, often the government side actually works with the opposition, together, in order to get to whatever it is that we need reviewed by the auditor. So I'm a little bit surprised that the government is sort of taken aback here, because there's been a long-standing position on this committee where, in fact, government and opposition do work together.

The Chair (Mr. Norm Miller): Sorry, we're out of time, but what I'd suggest, because we do have such limited time, is that we come back at 1 o'clock today and finish this discussion.

Mrs. Liz Sandals: No. Point of order: We did not get written notice of the motion. We did not get written notice of a meeting at 1 o'clock. I don't know about everybody else, but we didn't have a meeting scheduled. I've got meetings all afternoon that have been scheduled, and I would really like to hear from the auditor—

The Chair (Mr. Norm Miller): I'm sorry, Liz, but we are out of time, and we'll discuss this after the committee then.

The committee recessed from 1027 to 1300.

The Chair (Mr. Norm Miller): Okay, the committee's in—France, did you—

Mr. David Zimmer: I want to make a—

The Chair (Mr. Norm Miller): France, did you—

Mr. David Zimmer: I want to make a motion.

The Chair (Mr. Norm Miller): France, did you have something—

M^{me} France Gélinas: Do I get to start?

The Chair (Mr. Norm Miller): Yes, please do.

Mr. David Zimmer: Hold it before we get started.

The Chair (Mr. Norm Miller): I recognize France. Go ahead, France.

M^{me} France Gélinas: Okay. So, this morning, I put forward a motion that would ask our auditor to look at, basically, a range of costs—and this is how the motion is worded—potential costs to the ratepayers associated with the cancellation of the gas-fired plants in Oakville and in Mississauga.

We all know that our electrical bills keep going up and up. This is an issue that is important to a number of people, and this is an issue that our auditor is well equipped to shed some light on.

This morning, I have heard from members of the Liberal caucus that they felt it was premature to ask our auditor to go and do a value-for-money audit of those two projects. I would say the first argument is that this happened in 2010. We are now in 2012. I'm guessing there are some issues on the books that have been settled and certainly are worth reporting on.

The second one, the one in Oakville, was done during the election, so it's only six months old. But then, I would certainly refer to other cases where the auditors do go in when there's ongoing negotiation with the private sector.

You will remember that we were in the exact same situation two years ago, when I moved the motion forward that we look at the use of consultants by our hospitals and the health care sector. When the auditor went in, he reported to us that while he was going in, hospitals and other players of the health care system were in the process of negotiating contracts with consultants, but he did his work in a way that did not interfere with what our health care system was trying to do. He was still able to report to us some pretty telling numbers. Not only was he able to report to us some pretty telling numbers, but although ongoing contracts were going on, the government acted. You brought forward legislation; you brought forward—it was a worthwhile endeavour that, to me, led to value for money for the taxpayers of Ontario.

So I guess the point I'm trying to make is that to delay this is not going to help the taxpayers of Ontario. As well, our auditor has the skills to go in and recognize that if by him being there it's going to have an influence on any one of the parties that he's looking at—he has

enough good judgment to know what to do and what not to do.

But here again, I think the report that we would get from an ongoing negotiation of pulling out of a project may lead the government to take swift, decisive action that would be in the best interest of the taxpayer, exactly like the Liberal government did the last time we did that. We were in the middle of a budget year; we were in the middle of a session. The auditor came, did his report about the use of consultants, and lots of existing contracts continued to be negotiated, but the government acted. They acted swiftly and they acted on the recommendations that the auditor had made, that gave the taxpayers value for money.

I have the feeling that we are looking at a situation that is very similar—that, although there is an ongoing negotiation going on, if we shed the light, a very professional light of our Auditor General, on the cancellations of those two contracts, I have a feeling it's going to be for the betterment of the taxpayers of this province.

So I would urge you to support the motion. If you want to do an amendment that would make sure that we are respectful of the ongoing process and that we don't jeopardize the negotiations that are going on, I would have no problem with this. Far be it from me to try to interfere in a negotiation that is going on. But I think our auditor can shine a light on all of this, report back to this committee through the House, and basically save the taxpayer a whole lot of money.

The Chair (Mr. Norm Miller): Ms. Sandals—Liz?

Mrs. Liz Sandals: Yes. Before I directly address Ms. Gélinas's comments, I'd actually like to go back to the comments that Mr. Bisson made before we left for lunch, or left for question period. He talked about the fact that this committee has an ongoing history of collegiality, and I think that's actually really important to talk about, how that has worked, because there are a lot of new people here.

This morning, we were having the discussion around how we could schedule things, and we've tried to accommodate getting those things scheduled and to make it so that we could have a look at Ornge. We agreed to the three weeks; we agreed to do the report from our side that's the shortest, trying to figure out a way. So we want to make it work the way it has always been.

But I think it's important to go back and look. We've always, I think—and I've been on this committee now for seven years and a bit. In that whole time, with maybe one exception, all the reports were unanimous reports. There were a couple of instances in those reports where the committee as a whole was unhappy with the response, and we all agreed together, including the government side, that we would call the people back. I can think of assistive devices. I can think of some of the issues around IBI services for autistic children, where the whole committee, including the government, said, "The answers that we're getting are not acceptable," and we actually called the deputy and the ministry back for more information or sent a letter and said, "We want you to

work on this for a bit and then come back for more hearings.” We asked for additional information. It was a very collegial process, as Mr. Bisson said, trying to get that information.

1310

When we got to eHealth, it was actually, for Mr. Barrett’s information, Minister Caplan who asked for that report, because there are actually three ways in which reports land on our table. One is the auditor’s annual report, where the auditor chooses what to audit; one is where a minister asks for an audit, and in the case of eHealth it was the minister who asked for the eHealth audit, and when that came, the government worked with everybody, dropped everything. We did a three-week series of hearings into eHealth, and I think, Ray, that you came in to do that. I think much to Ray’s surprise, as much as anybody’s, in the end we actually, even on eHealth, came to a unanimous report. It might have taken us a little bit longer than with some of the other reports, but we came to a unanimous report.

When it came to Madame Gélinas’s motion around doing something with hospital consultants—I think it was yours, on the hospital consultants—we worked with you on the motion. The government—remember, we had a majority on the committee then—worked with getting that motion massaged so that we were directing the auditor to focus on what we wanted, and we worked with the auditor. And what was critical about that discussion was that the auditor was here, and we worked with the auditor to fine-tune the motion.

Similarly, and I looked back in Hansard while we were away, when you look back in Hansard, and you made reference—no, I don’t know as you did, but there was another motion about whether or not we should be doing a special audit on the Niagara Parks Commission. When you look back in Hansard there’s actually quite an extensive discussion between the committee—so there’s a motion that Madame Gélinas tabled, and then there’s quite an extensive discussion with the auditor about amending and fine-tuning the motion so that what we’re asking for, as a committee, is something that it’s realistic to ask for.

When we’ve asked for a special audit—now, as I say, eHealth was a special audit triggered by the minister, not by the committee. The one that we did where the committee triggered the special audit and the other ones where there have at least been motions to trigger special audits, we’ve worked with the auditor. As we all know, the auditor is in Australia today. He informed us in advance that he would be in Australia today and he told us that he would be back on March 21, so everybody on the committee knows where the auditor is and knows that he will be back following March break. So that everybody doesn’t think that he took a long holiday, he’s actually attending to business. He’s been invited to Australia to speak at a conference there on auditing in the public sector. But the culture of the committee has always been very much that we include the auditor in the discussion.

Looking back, first of all, with respect to—and I’m going to get Mr. Zimmer to speak more as we go around, because he’s the legal beagle here, not me. But it occurred to me that while you were talking about the special motion that we did, the special audit on consultants, that there were hundreds of contracts that hospitals had with consultants of various sorts. Yes, no doubt at any given point in time if you’ve got hundreds of hospitals who use consultants for a variety of things, of course some of the contracts will be under negotiation. That’s almost irrelevant.

No matter what we ask him to look at—we ask him to look at procurement: Some of those procurement discussions are under negotiation at any given point in time, and if they’re under negotiation, he wouldn’t look at the ones that are under negotiation. He looks at the ones that are in place and what’s going on with things that are in place.

But in this specific motion, we’re talking about looking at two specific contracts, and those two specific contracts and the information that this motion specifically asks for, which is the cost to the taxpayer, is a matter that is currently under negotiation on those two specific contracts. So, it isn’t like there are hundreds of other contracts out there that he can look at. It’s the two specific contracts that we would be asking him to look at that are currently under negotiation.

Now, I’m not a business person, so I don’t do commercial contracts, but I do have 15 years’ experience before I came here as a school board trustee who was very active in negotiations at a school board. Trust me, the last thing you do while you’re in the middle of negotiations is ask for a public audit of the negotiation process, which is essentially what this motion seems to call for. It’s doomed to failure.

Imagine what would happen if the government, when we had demonstrations on the streets back in the education wars, as I think of them, back in the 1990s, had said, “Oh, and by the way, we’d like you to go in and audit value-for-money school board contracts, collective agreements while they’re under negotiation.” That would have been a recipe for trouble. We all know that.

No, it’s not a good idea, Mr. Barrett. I take negotiations seriously, be they commercial negotiations or collective bargaining. It isn’t a good idea to deliberately disrupt negotiations, thank you.

We have a history and, in particular in this case, we have the Auditor General being previously asked to look into this issue because what we did find—and I’m quite happy to hand this around. We can hand these all around. The way we got this letter was, it was actually in a media release that was sent out on September 29, 2011. So that was in the middle of the election campaign, obviously. The media release was from the NDP campaign and the letter in question—for the sake of Hansard I’ll read the letter in question into the record. The letter is addressed to the “Office of the Auditor General of Ontario

“20 Dundas Street West, 15th Floor

“Box 105

"Toronto, Ontario

"M5G 2C2"

It's obviously addressed, "To the Auditor General," and it reads:

"During the election campaign"—as I've previously noted, this was sent during the election campaign of 2011. "During the election campaign, a debate has erupted over Liberal leader Dalton McGuinty's plans to cancel construction of a gas-fired electricity plant in Mississauga.

"This commitment comes after the government cancelled a similar contract in Oakville.

"Clearly, both decisions"—oh, and I should tell you that this is signed by Andrea Horwath, leader of the Ontario New Democrats. I didn't mention that. That's where the letter is from.

1320

"Clearly, both decisions carry fiscal risks with potential impacts on ratepayers and/or the fiscal position of the province. The lack of disclosure has left the public in the dark on the possible costs associated with these decisions.

"Estimates in some reports have indicated that cancellations costs could reach \$1 billion"—and there is a reference to "Killing Gas-Fired Power Plants Could Cost \$1 Billion," Toronto Star, September 26, 2011.

"In 2004, the Legislature passed the Fiscal Transparency and Accountability Act with the aim of ensuring all parties, and all Ontarians, would have a full sense of the province's fiscal challenges. The Minister of Finance stated at the time, 'We owe a duty to our shareholders, the 12.5 million people who rely on us for quality public services. We have a duty to them to report honestly, thoroughly and completely what the circumstances of their government are.'" And that's a quote from Hansard, October 27, 2004.

"Given the potential costs of the cancellation or relocation of these projects, and the current Premier's unwillingness to share any information about these potential costs which could affect the province's finances or electricity ratepayers"—and this is the important sentence—"I'm calling on your office to review the contract and these risks, and I urge Mr. McGuinty and Mr. Hudak to support this independent review.

"Sincerely," and the original was signed by Andrea Horwath.

So, according to the press release, this letter was sent. I have no reason to disbelieve it was sent. They sent a press release and said it was sent. I have never spoken to the Auditor General about it. I wasn't aware this letter had been sent. I was probably busy knocking on doors on September 29 and missed this particular NDP press release. So I wasn't even aware of this particular letter until a few minutes ago.

But it does seem to me that with what we do know about how the process works, when the Auditor General initiates an audit, the Auditor General, at the start of the audit, informs the ministry—in this case, it would be the Ministry of Energy—and the agency—in this case, I

believe it would be the Ontario Power Authority that would be the agency that actually held the contracts in question. The auditor informs the ministry and the agency when he is about to conduct an audit.

What we know is that the auditor has not informed the Minister of Energy or the Ministry of Energy that he is about to conduct such an audit, and the auditor has not informed the OPA that he is about to conduct such an audit. We know that there has been at least one formal, written request to have such an audit, which the auditor has declined to act on.

It seems to me that it would be very prudent of this committee, which has a history of behaving in a collegial manner, to defer this entire issue until the time when the auditor returns and we can get first-hand from the auditor why the auditor chose not to act on this request, because, as Mr. Zimmer, as a lawyer, is quite prepared to talk about, this would appear to raise a lot of legal concerns when we ask the auditor to go and audit something which is the subject of an ongoing and active negotiation.

Mr. Toby Barrett: Could I raise a point of order?

The Chair (Mr. Norm Miller): Point of order, go ahead.

Mr. Toby Barrett: So the auditor declined. Do we have that letter, as well, from the auditor, that he declined? I don't see it here—

The Chair (Mr. Norm Miller): That's not a point of order. Thank you for your comment, though.

Continue, Mrs. Sandals.

Mrs. Liz Sandals: I would not have that correspondence. The auditor receives, to the best of my knowledge, lots of suggestions from opposition politicians, from members of the public, from whistleblowers. The auditor receives lots of letters. He doesn't share those with the government, nor does he share his responses. The only reason we have this is because the author of the letter chose to send it out as a press release.

Interjection.

Mrs. Liz Sandals: We're quite happy to recess if France wants to look and see if there was a response. My inference was, because the ministry has not been informed there is an audit, he has not currently acted on the request.

The Chair (Mr. Norm Miller): Go ahead, France.

M^{me} France Gélinas: To summarize in 60 seconds what has taken half an hour, there are three ways to direct an audit: The minister requests it; the auditor decides on his own; or this committee passes a motion that directs. There are only three ways to get an audit done. Those are the three.

Anybody can write to the auditor. That's not a way to direct an audit. What I'm asking this committee to do is to use the powers that we do have to ask the auditor to look at this. We, as a committee, have the power to do this. We are one of the three ways that an audit can be done.

Mr. David Zimmer: On a point of order here.

The Chair (Mr. Norm Miller): Go ahead, Mr. Zimmer.

Mr. David Zimmer: With respect, for the NDP member now to say those are the only three ways you can effect an audit—obviously, the leader of the NDP, Andrea Horwath, wrote to the Auditor General, and my colleague has read that into the record. Just to supplement that: On the same day that the letter was sent to the auditor, Andrea Horwath, leader of the NDP, issued a press release to the public, out there in the public domain, including the minister's office, everywhere, and the press release said, "Toronto, September 29, New Democratic leader Andrea Horwath"—

The Chair (Mr. Norm Miller): Sorry, that's not a point of order, but you're welcome to continue to debate—

Mr. David Zimmer: No. It's a point of order in the sense that I think the leader has—

M^{me} France Gélinas: Maybe the clerk could verify. What are the ways that we can mandate the auditor to do an audit?

The Chair (Mr. Norm Miller): The clerk will clarify that. He has the act right before him.

The Clerk of the Committee (Mr. William Short): Under section 17 of the auditor's act, special assignments, "The Auditor General shall perform such special assignments as may be required by the assembly, the standing public accounts committee"—

Mr. David Zimmer: Just a little slower.

The Clerk of the Committee (Mr. William Short): Sorry. "The Auditor General shall perform such special assignments as may be required by the assembly, the standing public accounts committee of the assembly, by resolution of the committee, or by a minister of the crown in right of Ontario but such special assignments shall not take precedence over the other duties of the Auditor General under this act and the Auditor General may decline an assignment by a minister of the crown that, in the opinion of the Auditor General, might conflict with the other duties of the Auditor General." That's section 17, which does relate to this committee.

Mrs. Liz Sandals: That raises a really interesting question.

Interjection.

Mrs. Liz Sandals: Sorry?

Mr. David Zimmer: No, go ahead.

Mrs. Liz Sandals: Because I think what I heard you say was that if the minister makes the request, the auditor may decline, but if the Legislature or the Standing Committee on Public Accounts makes the request, it didn't, in what I heard you read, say that the auditor could decline. Is that correct?

The Chair (Mr. Norm Miller): I believe the auditor can decline, even if this motion that's before us was passed. He can decline to do it. It's still his choice.

Mrs. Liz Sandals: But is that what the standing order says?

The Chair (Mr. Norm Miller): That's something we should bring up with the auditor.

Mrs. Liz Sandals: Exactly. If the auditor was here I'd ask the auditor, and we wouldn't have you sitting on the

hot seat, Chair and clerk; we'd just ask the auditor. The auditor isn't here, which is actually the whole point: The auditor isn't here.

I have no idea why, when he was asked to look into this, he chose not to do it. But what we know for absolute certain is that he was asked. We know for absolute certain that he has not notified either the ministry or the OPA that he chooses to initiate an audit—

M^{me} France Gélinas: How do we have this fact? How do we know that he hasn't?

The Chair (Mr. Norm Miller): France? Go ahead.

M^{me} France Gélinas: How do we know that he hasn't?

Mrs. Liz Sandals: How do we know that he hasn't notified the ministry that he's going to do an audit?

M^{me} France Gélinas: Correct.

Mrs. Liz Sandals: Because I asked the Minister of Energy, "Have you got a request from the auditor to do an audit?"

The Chair (Mr. Norm Miller): Jagmeet?

Mr. Jagmeet Singh: Thank you very much. First of all, let's clarify: According to the authority under section 17, it states very clearly that there's only one instance when the Auditor General may decline. It says very clearly that it "may decline an assignment by a minister of the crown." There is no indication that if the Standing Committee on Public Accounts or if the assembly, or if there's a resolution passed—that the Auditor General may decline. The "decline" only refers to an assignment by the minister, and the reason given is that, in the opinion of the Auditor General, it might conflict with other duties. So the declining portion in section 17 does not refer to a request or resolution made by the Standing Committee on Public Accounts, nor does it indicate that it refers to the assembly. That's just my reading of section 17.

But more importantly—

Mr. David Zimmer: Just a second.

Mrs. Liz Sandals: But that's really important—

Mr. David Zimmer: Point of order.

The Chair (Mr. Norm Miller): Jagmeet, I think that's a question where we really do need the Auditor General here to be able to answer for 100% certainty. That's the advice I'm getting from my clerk for the committee.

Mr. Jagmeet Singh: Certainly. That makes sense.

But beyond that, what's important—

Mr. David Zimmer: Hold it.

The Chair (Mr. Norm Miller): If we can let Mr. Zimmer go ahead.

Mr. David Zimmer: That was the point that I wanted to make, Mr. Chair, but you've made the point for the record.

Secondly, I'm at a bit of a disadvantage here because I don't have a copy of the—

Mrs. Liz Sandals: Standing order.

Mr. David Zimmer: —standing order. Could I have five minutes—

The Chair (Mr. Norm Miller): If you'd like to recess, we can make a copy of it.

Mr. David Zimmer: Yes, I would like that.

The Chair (Mr. Norm Miller): Okay, we'll take a five-minute recess.

Mr. David Zimmer: Thank you.

The committee recessed from 1333 to 1340.

The Chair (Mr. Norm Miller): We're back in session. Everyone's got their copy of section 17.

France?

M^{me} France Gélinas: Well, I was happy to hear that I had the support of the Progressive Conservative caucus for this motion, but at this point, I doubt that I have the support of the Liberal caucus for this motion. But they brought a valid point: that the input of the auditor may help us move forward as a group. Given this, I would suggest that we wait for the auditor to be present to continue this conversation or debate, whatever we're supposed to call it.

The Chair (Mr. Norm Miller): Is there agreement on that from the committee? All agreed. We'll reschedule this for when the auditor is at the meeting.

There's a couple of other things; one thing that we'll discuss after we adjourn, but I would just like to ask something. As has been described here today, in the past the committee has worked in quite a non-partisan and collegial way, I think was how it was described, and I'm wondering if it might be the will of the committee that, for future motions, we give at least a 24-hour notice so

that the auditor might be here, for example, and just for the benefit of all committee members. Is that something the committee members would agree to?

Mr. Jerry J. Ouellette: Whenever possible.

Mr. Reza Moridi: Minimum 24 hours.

Mr. Jerry J. Ouellette: If something comes forward as a result of a discussion, we want to defer that for 24 hours.

The Chair (Mr. Norm Miller): So it's the agreement of the committee that we will try to do our best to give a minimum 24-hour notice for motions.

Yes, Liz.

Mrs. Liz Sandals: I mean, we're not talking about scheduling stuff, which we're just doing by consensus and then you need a formal motion; it's when we've got something like a new audit or something like that—

Interjection: Substantive.

Mrs. Liz Sandals: So it's substantive, we're talking about.

The Chair (Mr. Norm Miller): Okay, that's good. Thank you very much, committee members. I appreciate you all coming back in at late notice. It was sort of a last-minute decision on my part, but I just felt we had such a short time frame to meet that I'd just as soon we didn't use up time when we'd scheduled somebody to be here. I know I was supposed to be in a few other places; I'm sure you all were.

We'll adjourn now.

The committee adjourned at 1341.

CONTENTS

Wednesday 7 March 2012

Subcommittee report	P-3
---------------------------	-----

STANDING COMMITTEE ON PUBLIC ACCOUNTS

Chair / Président

Mr. Norm Miller (Parry Sound–Muskoka PC)

Vice-Chair / Vice-Président

Mr. Toby Barrett (Haldimand–Norfolk PC)

Mr. Toby Barrett (Haldimand–Norfolk PC)

M^{me} France Gélinas (Nickel Belt ND)

Mr. Phil McNeely (Ottawa–Orléans L)

Mr. Norm Miller (Parry Sound–Muskoka PC)

Mr. Reza Moridi (Richmond Hill L)

Mr. Jerry J. Ouellette (Oshawa PC)

Mrs. Liz Sandals (Guelph L)

Mr. Jagmeet Singh (Bramalea–Gore–Malton ND)

Mr. David Zimmer (Willowdale L)

Also taking part / Autres participants et participantes

Mr. Gilles Bisson (Timmins–James Bay / Timmins–Baie James ND)

Clerk / Greffier

Mr. William Short

Staff / Personnel

Mr. Ray McLellan, research officer,
Legislative Research Service



ISSN 1180-4327

Legislative Assembly of Ontario

First Session, 40th Parliament

Assemblée législative de l'Ontario

Première session, 40^e législature

Official Report of Debates (Hansard)

Wednesday 21 March 2012

Journal des débats (Hansard)

Mercredi 21 mars 2012

Standing Committee on Public Accounts

Committee business

Comité permanent des comptes publics

Travaux de comité



Chair: Norm Miller
Clerk: William Short

Président : Norm Miller
Greffier : William Short

Hansard on the Internet

Hansard and other documents of the Legislative Assembly can be on your personal computer within hours after each sitting. The address is:

<http://www.ontla.on.ca/>

Index inquiries

Reference to a cumulative index of previous issues may be obtained by calling the Hansard Reporting Service indexing staff at 416-325-7410 or 325-3708.

Le Journal des débats sur Internet

L'adresse pour faire paraître sur votre ordinateur personnel le Journal et d'autres documents de l'Assemblée législative en quelques heures seulement après la séance est :

Renseignements sur l'index

Adressez vos questions portant sur des numéros précédents du Journal des débats au personnel de l'index, qui vous fourniront des références aux pages dans l'index cumulatif, en composant le 416-325-7410 ou le 325-3708.

Hansard Reporting and Interpretation Services
Room 500, West Wing, Legislative Building
111 Wellesley Street West, Queen's Park
Toronto ON M7A 1A2
Telephone 416-325-7400; fax 416-325-7430
Published by the Legislative Assembly of Ontario



Service du Journal des débats et d'interprétation
Salle 500, aile ouest, Édifice du Parlement
111, rue Wellesley ouest, Queen's Park
Toronto ON M7A 1A2
Téléphone, 416-325-7400; télécopieur, 416-325-7430
Publié par l'Assemblée législative de l'Ontario

LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
PUBLIC ACCOUNTSCOMITÉ PERMANENT DES
COMPTES PUBLICS

Wednesday 21 March 2012

Mercredi 21 mars 2012

The committee met at 0900 in committee room 1.

COMMITTEE BUSINESS

The Chair (Mr. Norm Miller): I'll call this meeting to order, then. At our last meeting, we were discussing a motion put forward by France. There was a fairly lengthy discussion on that motion, and it became apparent that we needed some advice from the Auditor General, who was in Australia attending an auditor generals' conference—on his own dime, I might add.

Mr. Jim McCarter: He paid his own airfare.

The Chair (Mr. Norm Miller): Paid his own airfare. Thank you for that. I'm sure the taxpayers thank you for that.

So I think it appropriate—now that the Auditor General is back, we can get some advice from the Auditor General on this motion.

Mr. Jim McCarter: I do apologize for missing what looked like a very interesting meeting last week. I had a look at the Hansard, and it seemed like there were a couple of issues that the committee would like some input on: a response to the Andrea Horwath letter with respect to her request in December for us to look at the power plants and, also, what our interpretation of section 17 would be with respect to if the committee were to pass a motion for a special audit. I can speak to that a bit.

With respect to the Ms. Horwath letter requesting us to look at the power plant, I did respond to her on December 16, 2011, and I indicated to her—and this is a standard response that I have, regardless of any request I get from a Leader of the Opposition or from a member. Section 17 basically says that we can do a special if requested by the Standing Committee on Public Accounts or by a minister, or in one or two cases we've actually had the Premier make a request. Generally, if we get a request from a Leader of the Opposition or from a member, we write back and basically say that under section 17, I can undertake specials at the request specifically of these individuals or the Standing Committee on Public Accounts. I basically say, other than that, we do not agree to undertake special audits if it comes from another member, even including a Leader of the Opposition. I've got a couple of copies of letters where we have actually written to John Tory in the past and basically said the same thing to John Tory. In the past, I've also had a joint request from the two leaders of the official

opposition, and again, we've stuck to basically the same view: that because it doesn't fall under section 17, we won't do the work.

You might say, "Well, why, Auditor, would you do that, given that you work for the Legislature?" The feeling is that if we start picking and choosing between members that write to us or opposition leaders that write to us and if we end up doing four Conservatives, one Liberal and one NDP, we could be accused of, "Why are you always agreeing to do the ones that are PCs or NDPs?"

So generally, our policy is, and we've stuck with this—and I've issued nine annual reports. I've always adopted that, where if it's a request from a member or the Leader of the Opposition, we basically refer back to section 17.

Having said that, I can tell you that I keep what I call a "high-potential" audit file of potential VFMs, and if I do get a letter from a Leader of the Opposition or from a member, it is something that I do have a look at when considering next year's audits. A number of you have stopped me in the hall or come up to me after the meeting and put a bee in my ear about things we might want to consider looking at, and I can assure you that these are things we do take into consideration.

But that was the response to Ms. Horwath, and that was the reason why we did respond that way.

The Chair (Mr. Norm Miller): Any comments from members?

Mr. Jerry J. Ouellette: VFM?

Mr. Jim McCarter: Value-for-money audit.

Mr. Jerry J. Ouellette: Oh, VFM. I thought you said "B." Sorry.

The Chair (Mr. Norm Miller): Any advice on the motion before the committee?

Mr. Jim McCarter: Maybe I could just comment on the interpretation of section 17. I know there is some discussion as to, if a minister or a committee, under section 17—

Mr. David Zimmer: Would you mind just reading out section 17 on the record?

Mr. Jim McCarter: I've got it here. I'll just read out section 17.

"The auditor ... shall perform"—shall perform—"such special assignments as may be required by the assembly, the standing public accounts committee of the assembly, by resolution of the committee, or by a minister of the crown ... but such special assignments shall not take

precedence over the other duties of the Auditor General under this act”—that being the Auditor General Act—“and the auditor ... may decline an assignment by a minister of the crown that, in the opinion of the Auditor General, might conflict with the other duties of the Auditor General.”

So my interpretation of that would be—I think I’d agree with Mr. Singh’s interpretation of last week: that I can decline a request by a minister, but if it comes from the public accounts committee, I shall do it. However, it cannot take precedence over the other work of my office. So my interpretation of that is that I would do it, but the timing of when I do it would be largely up to me, depending on the impact that it would have on the other work of my office. That would be my interpretation of that section.

The Chair (Mr. Norm Miller): Yes, Liz?

Mrs. Liz Sandals: The other question that we had, which isn’t section 17 per se, is, given that, if the committee makes a request, you shall do it, the question would be: Is it prudent to do it within your normal mandate? Because my sense is, you are always very careful that when you’re doing a value-for-money audit you’re not influencing the outcome of what’s going on; that you’re observing and auditing the result. Whereas in this case, where it’s under active negotiation, some of which may be commercially sensitive, having a special audit could have a very negative influence on commercially sensitive negotiations.

Mr. Jim McCarter: I do hear what you’re saying. My take on that would be, a bit: If that issue is discussed by the committee and the committee is well aware of that and as a whole the committee still goes ahead and passes the motion, I think my sense would be is, if these negotiations were going to take two or three years, I don’t think that if the committee says to me, “Auditor, we want you to do this audit, period,” they pass the motion—I think that I would probably go ahead and do it and I would not wait the two or three years, if the committee passed the motion. I think I would take the direction from the motion.

Having said that, it doesn’t necessarily mean I would start the audit up right away. Often I get asked, “Auditor, if we were to pass the motion, what’s your best take on when you would be able to start the audit?” If I was asked that question, I do always answer that question, and we have discussed that in the office.

M^{me} France G  linas: Can you answer it now?

Mr. Jim McCarter: This would be an audit that we would prefer not to start up right away, the reason being that, of all the times to start up a special audit, it’s probably the worst time, because we’re about two thirds of the way through—we do about 14 or 15 fairly large value-for-money audits each year, and we’re about two thirds of the way through that. We don’t have any spare staff kind of sitting around that I could put on this right away. We would have to pull people off a value-for-money audit.

0910

We did talk about it, and we don’t have a lot of—just for the new members, we don’t have a big office, compared to the other jurisdictions. We run with about 110 people; Quebec’s got 240, BC’s got 130, Alberta’s got 125. We run pretty lean.

What we would have to do on this one, we would either have to cancel a value-for-money audit—basically postpone it and pull all the people off the audit. We think the earliest we could probably start it up, if it were to pass, would be probably sometime in June; we think we could probably wrestle together enough people. And this is one where, again, because we did a fair bit of work in electricity last year, we do have a bit of expertise and background in this area. We would like to get at least one or two of those same people who worked on those audits.

Our best guess right now is, we would probably start this up in late June, unless the committee were to say to me, “Auditor, thank you for that input, but we want this started tomorrow. Get it done.” I would take such a request pretty seriously. But that would be our take, from meeting with my directors yesterday and talking about the timing.

The Chair (Mr. Norm Miller): Yes, Reza.

Mr. Reza Moridi: Mr. Chair, thanks very much. As far as I understand it, an audit is generally done when an action is completed. So in the middle of an action, an audit, really, in principle, doesn’t make much sense. In this matter, negotiations are still going on between both sides, and the negotiations are very highly sensitive commercial negotiations. So in principle, in my view, it doesn’t make sense to come out and interfere, basically, in the commercial process or negotiations which are going on between the two parties.

Mr. Jim McCarter: There’s a number of challenges in doing this audit. We would probably not have access to—and I also talked to my staff about the challenges we would have in doing an audit of this nature. I’ve got a long list here. We would probably not have access to TransCanada or Greenfield records. We would probably not have access to their staff to talk to them. We might not even have access to the site, to go out and have a look at the site. We don’t know what kind of access we would have from a legal perspective. Ongoing negotiations—often, parties don’t want to talk during ongoing negotiations. There is a list of challenges to doing this audit. We’re certainly aware of the challenges that there would be to do this audit.

But I guess what I’m saying is, having said that, if the committee has a very fulsome discussion of all those challenges and the committee were still to go ahead and say, “We hear all that, Auditor. We still want you to go ahead and do this audit”—I have to be honest. The best way I can put it, and it’s fairly blunt: I probably wouldn’t second-guess that decision, notwithstanding I’m aware that on this particular one, there would be a lot of challenges or roadblocks that would have to be overcome.

It could well be that, at the end of the day, it could prove challenging for us to come up with a best estimate,

given that often these sorts of contractual things—sometimes they end up going to court, and the court ends up making a decision.

The Chair (Mr. Norm Miller): Yes, Toby.

Mr. Toby Barrett: Thank you, Chair. Further to doing an audit when things are completed: As far as the Oakville station, that goes back—the announcement was made in October 2010, so that was a year and a half ago. When is this completed? Is it another year and a half? Is it three years?

As far as I know, you have to juggle other work, and I'm not aware of the magnitude of the work. But what concerns me, and what's out there in the media—the Oakville closure alone has been pegged at \$1.2 billion, so people say that this was a \$1.2-billion issue. I don't know whether that's accurate or not. I think it's kind of disturbing. Those are big numbers. Maybe it's only \$300 million; maybe it's \$3 billion. People are asking these questions.

On top of that, we've seen the announcement about closing the Mississauga plant. I haven't visited that plant. I don't know whether that's another billion dollars. Is it half a million? I think of other plants that are closing, generating stations in Sarnia and Nanticoke. I know at Nanticoke, there's well over 600 people who are working there. They are following us very closely. There's an environmental assessment to run a natural gas line down to the Nanticoke plant. Will they be a gas-fired plant? Will that be closed? How much would that cost? Maybe looking at those dollar figures is beyond the mandate of this, but when you've got two projects out there that the word on the street is they're both billion-dollar projects, I'd like to, at minimum, get something a little closer than \$1 billion or \$1.2 billion.

The Chair (Mr. Norm Miller): Thanks, David?

Mr. David Zimmer: Let me cut to the quick here and just ask the auditor—you know, hit the issue dead-on. I gather, listening to your comments, that what you're saying is that to start such a hearing now as contemplated by the motion would not be particularly effective for the reasons that you've set out because of getting access to information and all of that. Following from that, it would not, by definition, or it would not be particularly thorough—or at least it would be an ongoing struggle to do a thorough one. That, of course, would raise issues of fairness and, in fact, getting all of the relevant facts out in a manner that's fair to everybody: fair to the Legislature, fair to the companies involved, fair to the public. So I gather that—I don't want to put words in your mouth, but I get the sense that, in your professional opinion, it would be premature to tackle this now.

Mr. Jim McCarter: I would think that would be probably taking what I said and maybe going a bit too far. I think my sense would be that if the motion is passed, we will do the work to the best of our ability. Notwithstanding, as some of the members have said, there would be challenges in doing that work, and when it comes to arriving at a best estimate, we may end up with a range. I think that's what I'm saying. Again, I'm

not coming down on one side or the other of the motion; I'm just saying that we would go ahead and do it, but there would be challenges in doing the work.

Mr. David Zimmer: Would it be your preference not to do the audit at this time as contemplated in the motion?

Mr. Jim McCarter: I would say that if the committee passed a motion, we would do everything in our power to comply with the committee's wishes, keeping in mind that that motion would not take precedence over the other work of my office as mandated by the Audit Act. That would come first, but certainly, when the committee passes a motion we would take that very seriously.

Mr. David Zimmer: I appreciate that, but would it be your preference that the committee not pass the motion?

Mr. Jim McCarter: I would honestly say that I really have no opinion on that. If the committee passes the motion, the motion's passed, and we'll do what we need to do to try to accommodate the committee. If the committee doesn't pass the motion, we certainly have lots of other work that will keep us busy.

Mr. David Zimmer: But it does present great problems for you?

The Chair (Mr. Norm Miller): France.

Sorry, do you have—

Mr. David Zimmer: Sorry, I'd asked a question. But it does present great problems for you to move to conduct the audit at this time?

Mr. Jim McCarter: There would be certain challenges, as I indicated, associated with doing the work. But, again, I'd have to say, we have challenges on most of our audits. This is one where I think access to information would probably be the key issue until we really get in there and find out what kind of access we're entitled to. That is one thing that comes to mind. But I think you've worked with us fairly closely over the last eight or nine years. We push pretty hard, but sometimes we get pushed back.

The Chair (Mr. Norm Miller): France?

M^{me} France Gélinas: Thank you. Am I right in thinking that—

Interruption.

I'll let you—we have a very busy auditor this morning.

The Chair (Mr. Norm Miller): That's for sure. He's got a very busy day.

Go ahead, France.

0920

M^{me} France Gélinas: No problem. When you talk about those challenges for access of information, would those challenges be the same as the government? As in, in order for the government to make those decisions, I am guessing that they looked at the financial impact of their decisions. Therefore, they probably went down that path of overcoming those challenges to find out, "What is the price of the decisions that we're making?" Or am I off-base on this?

Mr. Jim McCarter: Well, that would certainly be one of the questions that we would be asking the government ministry that was responsible for this.

M^{me} France G  linas: In this, there's no challenge getting that information.

Mr. Jim McCarter: As far as from the ministry side, as far as getting access to any information that the ministry has, we would have no problem getting access to that information.

M^{me} France G  linas: So the challenges wouldn't be from when the government made the decisions to cancel those deals. I'm assuming they look at the financial impact. That information would be available to you. The challenges come when you try to verify the financials from the players?

Mr. Jim McCarter: Essentially, to give you an example—the gist of this is, often, when you're looking at the cost of a cancellation of a contract, the contract typically has cancellation clauses in it. Very often, there are two or three parts of it. A key part is, what cost has the contractor incurred to date? We're not sure what information the ministry would have on that. The two contractors would certainly have good information on what costs they've incurred to date. But that would be an example of something that if we had access to both sides of the coin, we would go in and say, "What costs have you incurred to date? What costs have you got that you're basically contracted for and you can't get out of?" Often, there are certain go-forward shutdown costs, especially if they've started construction to make the site safe from an environmental perspective etc.; we would be looking at that. Some of that information we may not be able to get access to, I guess, is what I was trying to bring to the committee's attention.

M^{me} France G  linas: Okay.

The Chair (Mr. Norm Miller): Liz?

Mrs. Liz Sandals: If the committee were to pass the motion telling you to do this, and given that there are ongoing discussions with respect to both the Oakville and the Mississauga plants, would you confer with counsel for the OPA to find out at what point you would be interfering with the outcome? Or if we pass the motion, does that direct you to do the work regardless of whether or not you're interfering with the outcome?

Mr. Jim McCarter: I think my take, just off the top of my head, is that we would certainly be conferring with the people from OPA, with their legal counsel. This is one where I suspect we might engage some outside expertise to assist us, as we often do on these audits. One of those could be a lawyer with expertise in contract law. We would certainly talk to the OPA.

Now, sometimes—I say this a bit tongue-in-cheek—we approach auditees, and they say everything in their power to get us to postpone an audit. So we would listen to what they have to say.

I think the way I might approach this one is that if there was something that we felt was so important that would stop this audit dead in its tracks, and it was a motion that was passed by the committee, I think at that

point, I would bring that back to the committee and I would basically say to the committee, "We started this audit. This issue has come up. We think it may have some merit, and I'd like the input of the committee as to"—that could be one thing that I could do: come back to the committee, if it were to come to that.

At the end of the day, we would try to fulfill the wishes of the committee as per the motion, but one of the first things we'd be doing is—we know the people to talk to at OPA. We know all the people there because we did an audit of wind and solar, so we know the people to talk to at the OPA regarding this.

The Chair (Mr. Norm Miller): Jagmeet?

Mr. Jagmeet Singh: Thank you very much. Just to break down some of the information, my understanding is that there would be some elements of the audit which would be information that both parties have access to; for example, something like the brick-and-mortar estimates of what the physical cost of the building is, or the raw material or the labour that's gone in so far. Those things I think both parties, if we look at the government side and the other side, would have access to. Am I right on that?

Mr. Jim McCarter: It's possible. It depends on how the contract is structured. Sometimes the contract could be a cost-plus, in which case they might have more access. Sometimes it might be, basically, "We agree to build this facility to these specifications for \$350 million. We're going to progress-bill you \$10 million a month for the next 35 months, and if we're over, these are going to be the penalty clauses." It would depend a bit on how the contract was structured, I think.

Mr. Jagmeet Singh: Okay. Then, in these types of circumstances, when you're conducting—I'm assuming that you've conducted audits before where there's been a contract cancellation. In terms of how you deal with the information, is there certain discretion that you would use in terms of what information you'd release? If it's information that one party had that the other party didn't have which might affect the contract negotiation, would you exercise discretion on that component—

Mr. Jim McCarter: The other thing we have here, we expect that the whole issue of client-solicitor privilege could have a significant impact on the work here. The understanding that I have with the Ministry of the Attorney General is, we are entitled to information protected under client-solicitor privilege. However, whether we can publicly report that opinion is another matter.

Essentially, I have access to the information, but often there are certain restrictions on me being able to report it if it's protected by client-solicitor privilege. We expect that that issue could come up on this particular audit, but we don't know the extent.

Mr. Jagmeet Singh: Just kind of summing it up, if you could present perhaps a scenario that if you conduct an audit, how would you be able to release the information? The concern is to figure out how much this is costing taxpayers. Could you think of a way that you would be able to release that information, release an estimate that wouldn't negatively impact the actual ne-

negotiations but would still give a sense of how much money's being spent?

Mr. Jim McCarter: Off the top of my head, often on these two things you've got the one party saying, "We think this is what the costs are. This is what the cancellation is. This is our interpretation of the cancellation clauses." You've got the other side of the coin where they're basically saying, "No, no, this is our interpretation of what the cancellation costs are. This is what it is." Generally, you're at a range between this and this, and usually they'll come to a mutual understanding, basically a compromise. Sometimes, as I'm sure you're aware, it goes to court and the court makes a decision on what the right amount would be.

Basically, what the committee is saying to us, unless they've reached that agreement or they're pretty close, we might be in the situation where we'd be looking at providing a range, but I suspect it could be difficult to land on one number—saying it's \$342 million or it's \$17 million. Without doing any work, off the top of my head, that would be my best guess.

The Chair (Mr. Norm Miller): Reza?

Mr. Reza Moridi: Mr. Chair, as I indicated earlier, I think it is very, very premature for us, at this point, to ask the Attorney General to audit this situation. It doesn't make sense.

As the auditor just explained, this is a very complicated project. There's a contract here that was cancelled, so there are cancellation clauses in the contract—as in many, many contracts there are clauses for cancellation—and we have to let this negotiation continue between both sides. Once both sides come to a conclusion, at that point we may ask the Attorney General to go there, review and audit the processes and then come and tell us what happened.

Now, in the middle of negotiations, what are we asking the Attorney General to audit for? What are we going to ask the Attorney General to audit for? There hasn't been any conclusion between both sides. Once both parties, the contractor and the contractee, if they come to a conclusion and make a decision, at that point we may ask the Attorney General to go there and audit the situation and then come back and report to us and say, "Okay, that's the value-for-money audit I have done."

Now, in the middle of negotiations between both sides, I don't know what the auditor can audit for us at this point.

The Chair (Mr. Norm Miller): David?

Mr. David Zimmer: Mr. Auditor, how would you handle this, hypothetically, if you were doing the audit? You get into the audit, you're looking at things and one of the parties to the contract, the government side, one of the private contractors or the utility and so forth says to you, "Mr. Auditor, we'd really like to co-operate with you fully and share all the information and so on, but we are on the cusp of a very delicate negotiation with various parties, and we just can't respect our fiduciary relationship to the parties we're representing in the

negotiation and, at the same time, at this time, share this information with you, because it may do one of two things: It may place us, the party that's raising this issue, in a terrible conflict of interest" vis-à-vis their obligations to get the best deal for their side, and it could well place you, in their opinion, in a conflict-of-interest position because, depending on how you manage or interpret or use that information, you have the ability—almost inadvertently—to affect the negotiation one way or the other.

0930

How would you handle that situation? It's premised on the various parties dealing with you in good faith. That's their dilemma.

Mr. Jim McCarter: I would not be surprised to see that situation arise, especially with respect to the two external parties, Greenfield and TransCanada, who would probably say, "Our primary responsibility is our fiduciary interest toward our shareholders, and consequently it's not in the best interests of our shareholders to provide or share any information with you. We're under no legal obligation to do so. Consequently, unfortunately, as much as we would like to help you out, it's not in the best interests of our shareholders. Therefore, we cannot share information with you whatsoever."

The ministry would be in a more difficult position with respect to that, because I think they'd be required to share information with us. Their concern would probably be, "Just don't disclose anything, Auditor, that might jeopardize us paying the least amount of cancellation charges that we can pay." Notwithstanding, I think the ministry would have to provide us with full and complete access to whatever information they have, although I suspect they would also say that some of this is protected by client-solicitor information.

Mr. David Zimmer: So my follow-up: If you got into that stalemated discussion—they say, "We can't give you the information. It's not that we don't want to co-operate, but we've got other fiduciary"—and so forth and so on. Then, in terms of fulfilling your professional obligations as an Auditor General, where does that leave you? Where do you go?

Mr. Jim McCarter: I think my feeling would be, based on what information I can get from the ministry, from other parties or from consulting with experts, even on what similar penalty clauses could be on similar situations, getting that sort of outside expert advice, I think I would try to come forward with a report which would give the best estimate that I could with respect to the information that I was able to obtain. If there was any caveat where I was not able to obtain information and the impact that that would have, I would set that out very clearly in the report, making that clear to the reader. That is probably how I would report it.

Mr. David Zimmer: But then wouldn't that water down the report? You give a report and say, "Here's my report, with this caveat. It, in effect, is not a full and complete report because I was unable to get this sort of

information.” Really, it waters down the objective value of the report.

Mr. Jim McCarter: The best way that I could put it would be that the better and more access to information I can get, the better my estimate on the possible cancellation charges would be. So the better the information I get, the better the estimate I’m going to be able to make, is the best way I can put it.

Mr. David Zimmer: And that would be fair to all the parties, to have that full information and the full report out.

Mr. Jim McCarter: I would leave that up to the committee to make that decision, in their consideration of the motion.

Mr. David Zimmer: Thank you, Mr. Auditor.

The Chair (Mr. Norm Miller): Thank you. Toby is next.

Mr. Toby Barrett: Yes. As we’ve discussed, the issue is complex. I know that the interest is there, obviously. On this committee, we’ve spent a couple of meetings on this. I don’t know how the vote is going to go. Regardless of the vote, this may come up later, on this committee or somewhere else.

Being new to this committee, I don’t even have the basic information to do much of the discussion on that. Is it appropriate—this isn’t a question to the Auditor General but to the committee—to ask legislative research to put together, at minimum, a thumbnail sketch, even several pages, on this issue? We may well end up talking about this in the future, recognizing that we spent a couple of meetings on it already. I know people in Ontario are—certainly Oakville and Mississauga. I assume there was an awful lot of discussion about it there, and across the province of Ontario.

This is directly, indirectly related to the price of electricity, which is top of mind. I know in the Legislature, there were at least 19 questions from the opposition about the Mississauga plant alone. So for me it would be useful to have even a two- or three-page thumbnail sketch on what’s going down there. I mean, I can rely on the Toronto Star or I could Google it, I suppose, or do library research on my own, but I just throw that out if that would be useful for the committee. At least we’ve got—

The Chair (Mr. Norm Miller): I just ask our legislative research, Ray, to respond.

Mr. Toby Barrett: And I’m not saying we need it right away, but—

Mr. Ray McLellan: As the auditor has said, we’ll certainly undertake to do what the committee requires and what the committee wants. As I was listening to the auditor, I certainly appreciate the limitations and the challenges that he’s outlining, but I could speak with the auditor and perhaps develop a focus as to sources I could get information from and certainly proceed. So I will undertake it, if that’s the committee’s desire, to assemble what information I can above and beyond, as you were saying, just press articles, which really—you need more

than that. But as I say, I’ll see what my limitations are in terms of what’s in the public domain.

Mr. Toby Barrett: My request is not urgent, unless this is on the agenda again. We’d probably need it before then. But it’s not an urgent request.

The Chair (Mr. Norm Miller): I would just ask if it’s the committee’s wish to have research do this. Did you want to defer the motion until you get this research done? Jagmeet?

Mr. Jagmeet Singh: I had a couple of questions that might assist, maybe, in coming to a decision. One is that—maybe the Auditor General would be able to provide some insight into this. Both sides would know—say, if there is a negotiation going on, both sides would know what the other side is asking for. So, for example, the government side would know that the private company is saying that this is going to cost them \$1 billion, and they’ve put it out there. That’s not any secret information. They would know that, the government side. The private side would know that the government is saying, “No, no; it’s actually only \$500 million we’re going to pay you.” That wouldn’t be a secret to the other side; that’s their ask.

Now, what the actual cost is, that might be a secret in terms of the actual cost for the private company. They might say, “You know, it’s actually costing us only \$700 million. We’re asking for the \$1 billion because we need to make more money.” Sure; we don’t know about that. On the other side, the government might have spent—it might have been less of a loss for them. They might be able to recover some of the material, so that might be something that might be damaging.

My question to you, Auditor General, is, in your opinion, would it be damaging to disclose at least what both sides are asking in terms of what they think the cost is? Also, what we can objectively determine in terms of cost: We can look at the building and say, “The fair market value of that building is about this much. The movable equipment in that building is about this much.” Those things are pretty objective, and anyone—you know, it’s not really any secret. I mean, you can go to the building and look at it and assess how much it’s worth. I don’t see how that would impact any negotiations. I’m wondering: What’s your opinion on that?

Mr. Jim McCarter: I suspect if, once we go in and we were to ask for that information, that may very well be the case. But often, on these sorts of things, you get the two sides in-house both thinking that we’re going to end up between here and here. When it comes to negotiating, often when they go to the other party, they say, “We want this,” and the other party says, “Well, we think it should be this.” So you could very well end up with quite a wide range.

I think the focus of our work would be, the way I see it off the top of my head, trying to do additional work to try to provide more information to the committee and saying, “You know, we’re not experts. We suspect that it’s going to end up someplace in and around this range”; that would be off the top of my head. It could be that sort of

thing: They both start off way out here, and it would be our job to sort of consult experts, to look at what documentation we could, and to try to come down to here to be able to provide the committee with maybe a bit better estimate. That would be my off-the-top-of-the-head observation.

Mr. Jagmeet Singh: Okay, thank you. And just one last area would be, what would—I mean, our goal is to ascertain how much the government has spent, really. So if we did an assessment of how much money was spent in terms of taxpayer dollars, the report is presented to this committee and then we make an assessment in terms of how much of that we can disclose, how does that scenario play out or has that played out?

0940

Mr. Jim McCarter: Once we present it to the committee or it's tabled in the Legislature, it's public information, so as far as what can be disclosed, once it's in a report that we released, it's out there in the public forum.

The Chair (Mr. Norm Miller): If I can, at this point, just point out that we do have limited time this morning and one of the other pieces of business that we need to discuss, with the Auditor General's report coming out today on Ornge, is our upcoming meetings to do with Ornge and to decide on the witnesses that we'd like to call. So I'd just make the committee aware of that so that we don't have what happened last week, which is, we run out of time and I'm forced to call us all to a meeting that interferes with all your schedules. So if we can either come to the point of voting on this motion, or if it's the committee's wish to defer the motion until legislative research does more research, I'd like the advice of the committee. Liz?

Mrs. Liz Sandals: I'm quite happy if we defer it. I think the auditor has indicated that he couldn't get to it until June anyway, so that would give legislative research some time to put things together and we can schedule some time to discuss a deferred motion when we're not trying to deal with Ornge and other things. So I'm happy to support Mr. Barrett's idea.

The Chair (Mr. Norm Miller): France?

M^{me} France Gélinas: At the base of my request is that significant decisions were made by the government that had significant financial implications for the taxpayers of Ontario. Projects that we can see on the ground have started, have been cancelled. When those decisions were made, they have to have taken financial consideration into account, otherwise a government would be completely incompetent if they hadn't. That part of the equation comes from the government and is completely accessible to the auditor. In a show of goodwill, I will go along with what Liz and Toby have said, that we refer to legislative research to get us more information on this topic, with a view of really—the money that has already been spent should be the type of information that legislative research is able to put in a briefing.

If any information can come from the government as to—when you made your decisions, what was the range of financial implications you looked at? Those are cer-

tainly the types of questions that prompted me to bring this motion forward. So I want to show goodwill. I see that Liz has proposed that we postpone—sorry, the Liberals have proposed that we postpone, and so has the PC Party. I'll show goodwill and I'll agree to, do we suspend the motion or whatever, until legislative research can give us more information.

The Chair (Mr. Norm Miller): Okay, so you're willing to defer the motion?

M^{me} France Gélinas: It's called a deferral? Absolutely. I will defer. Do I just withdraw and reintroduce it later?

The Clerk of the Committee (Mr. William Short): No. Like we did at the last meeting, it would just be deferred until legislative research and the auditor's office can talk about preparing this background paper for the committee, if that's the agreement on the committee, just for his research, for the two-page paper.

Interjection.

The Clerk of the Committee (Mr. William Short): Yes, legislative research—Ray. So if that's the agreement of the committee, then would you want to add anything to that?

Mrs. Liz Sandals: Yes, I agree. I just have one other question.

Mr. Ray McLellan: I'll undertake to do this, on the committee's instruction. With respect to a timeline, we would want to have this information back to the committee by—today is the 21st of March. When would you like it back? Obviously, as soon as possible.

Mrs. Liz Sandals: When we end Ornge hearings?

M^{me} France Gélinas: I would say, see how hard it is to pull information together and get back to us. I'd rather you do a thorough job than a rushed job. I'm quite willing to give you the time it takes for legislative research to be able to access documents from the government to see how much has been spent, how much has been considered, etc., so how about we leave it up to you to tell us how much time you need to do that?

Mr. Ray McLellan: On that note, then, I'll undertake this right away and, as soon as the information is assembled, to report back, so: as quickly as I can do it.

M^{me} France Gélinas: How about we say—I would like it before mid-May so that it gives us time to deal with it again before the House recesses.

Mrs. Liz Sandals: September doesn't work for you?

M^{me} France Gélinas: No, September doesn't work. So how about we put a deadline of mid-May? If you can report sooner, great; if you can't, we understand.

The Chair (Mr. Norm Miller): Okay. Do we have agreement of the committee to defer this? All in favour? Okay.

Mrs. Liz Sandals: Chair, just one request: I suspect that all parties are going to be interested in the Hansard, and it often takes a long time to get the Hansard for committees, so if there's any way that we can get the Hansard of at least this part of the meeting quickly, that's probably helpful to everyone.

The Chair (Mr. Norm Miller): Okay. The clerk will put in a request to do so.

Mrs. Liz Sandals: Thank you.

The Chair (Mr. Norm Miller): The other thing we have to discuss is: We have upcoming meetings to do with the Ornge report of the Auditor General scheduled for March 28, April 4 and April 18. So far, we have the deputy minister and Mr. Ron McKerlie being asked to come before the committee, and that's agreed by the committee. So I'm looking for, from the three parties, suggestions of who else you would like the clerk to ask to come before the committee. If you don't have a complete list or if you aren't ready to do that at this point, we can do that in subcommittee as well.

M^{me} France Gélinas: I have my list.

Mr. Toby Barrett: We're still working on our list, Chair. If it was more appropriate—ideally not a subcommittee meeting today, but down the road, to present some other names.

The Chair (Mr. Norm Miller): But we'll have the deputy minister and Mr. McKerlie for March 28.

Mrs. Liz Sandals: Can we come up with some sort of ground rules in terms of, each party gets the same number of invites or how long we're going to invite people to come for, that sort of thing?

Interjection.

The Chair (Mr. Norm Miller): The clerk informs me that that would be helpful for him.

Mrs. Liz Sandals: Yeah, because if we're going to schedule this—so I guess the first suggestion I'll put on the table would be that I'm not sure what the number is but that each party gets the same number of witnesses.

The Chair (Mr. Norm Miller): Yes, and of course, we may not be able to get all the witnesses that are on the list to actually—

Mrs. Liz Sandals: And if that were the case, if we asked to have somebody invited, that you come back to that party and ask them for a replacement suggestion, if somebody that we've asked for is unavailable.

Interjection.

The Chair (Mr. Norm Miller): That's a good question. Does the committee have any idea how long you would like the deputy minister and Mr. McKerlie before the committee? Yes, France?

M^{me} France Gélinas: For me, the deputy minister, a little bit at the beginning, not that much; and then, once I've talked to some of the other witnesses, I will probably want to talk to him again. As far as Mr. McKerlie, not a whole lot. He was not there during the scandal.

The Chair (Mr. Norm Miller): Yes, Jerry?

Mr. Jerry J. Ouellette: Thank you, Chair. Until all the questions are answered.

Mrs. Liz Sandals: Given that the deputy was there as things were unfolding and that Mr. McKerlie is responsible for fixing things and the auditor's report is partly, presumably, as usual, "Here's what's wrong and here's what you should do to fix it," what you're doing to fix it is traditionally a big part, so I think we do want the

deputy and whoever he brings and Mr. McKerlie here to answer questions thoroughly.

The Chair (Mr. Norm Miller): So we'll start with that on March 28. Of this proposed list from each party, how many would you like on that list? France?

M^{me} France Gélinas: I'm looking at people like Chris Mazza. I'm looking at people like Jamison Steeve. I'm looking at people like Tom Lepine and Alfred Apps. I'm looking at maybe bringing forward George Smitherman, who was there when this all started; Lynne Golding; I'm looking at maybe Scott Rettig and Jeremy Tracy from AgustaWestland. I'm looking at a large list of witnesses. I mean, they cast a heck of a web, and I'm interested in people on every side of that web. I did not control the size of this scandal; they did. I want to talk to them all.

The Chair (Mr. Norm Miller): So, to get back to the question, how many people would you like to be able to put on your list?

M^{me} France Gélinas: So far on my list I have one, two, three, four, five, six, seven, eight, nine, 10, 11, 12, 13.

The Chair (Mr. Norm Miller): Thirteen.

Realistically, right now we have three days set aside for the meetings, so I would assume that there is going to be someone on the list you've just recited that we won't be able to get, for various reasons. If they're not in the country, for example, it might be one of the reasons.

Mrs. Liz Sandals: Mr. Chair, I wonder if somebody could do the math, because my sense is, if we all invite 13 people, even if some of them can't show up we're talking like 35 people. I'm not sure how we're going to fit 35 people into this. So I'm not sure 13 is the right standard if they're actually going to have any time to testify.

The Chair (Mr. Norm Miller): Yes, Toby?

M^{me} France Gélinas: I'm hoping there's overlap.

Mr. Toby Barrett: I was going to say, just further to the math: I'm pretty sure there'll be some overlap.

The Chair (Mr. Norm Miller): Okay, so we still haven't come up with a number. Do we want to—

M^{me} France Gélinas: I don't think that working on a number is useful. This is an important issue. I think it will be more—I want to give you as much heads up to try to get a hold of some of those people who, as you say, may be all over the world or not necessarily available on our time schedule. But at least I'm looking at ADMs that have been there. If I cannot get them all, maybe we'll get one of them. I'm looking at people at Agusta. If we cannot get them all, maybe we'll get one. I'm looking at the previous Minister of Health. If we cannot get Smitherman, maybe Caplan; maybe we'll get one. The idea is really to give you the list as soon as possible so you can start to call those people to see who we can bring in front of the committee.

The Chair (Mr. Norm Miller): Yes, Liz?

Mrs. Liz Sandals: Okay, what I'm not hearing, then, is: Does each party not get an equal number of witnesses? I understand that when we sit down there may be

significant overlap between the Conservatives' list and the NDP list, but—

M^{me} France Gélinas: We've never done that in the past.

Mrs. Liz Sandals: We've never done this in the past, France.

M^{me} France Gélinas: The NDP has never insisted that we have the same number as everybody else. We will bring forward the number that's required to go to the bottom.

The Chair (Mr. Norm Miller): Okay. So, I think maybe we should have a subcommittee meeting as soon as possible to try to hash this out. It would make sense.

Will wants to advise on the schedule.

The Clerk of the Committee (Mr. William Short): So going forward, on March 28, then, by past practice of the committee the auditor would come in from 9:30 until 10:25 to give his briefing in camera. Then in the afternoon on that day, we would invite the Deputy Minister of Health and Mr. McKerlie to show up for questions and answers from 12:30 until 3. Then, if we could have a subcommittee meeting well before the 28th to discuss all of the other names and invitations that we'd like to go over, that would be fantastic. Does that work for the committee?

M^{me} France Gélinas: Why don't we start at 9? Why do we start at 9:30?

Mr. Jim McCarter: Sorry—

The Clerk of the Committee (Mr. William Short): Go ahead, Jim.

The Chair (Mr. Norm Miller): Auditor?

Mr. Jim McCarter: Usually, in the past, the auditor's briefing has been from 9:30 to 10:30, but we can certainly start at 9 if you'd like.

M^{me} France Gélinas: Nine is good.

The Chair (Mr. Norm Miller): Well, I think that, based on how long our meetings have been, we'll start at 9 then.

M^{me} France Gélinas: Thank you, Chair.

The Chair (Mr. Norm Miller): Okay, that settles that for now.

Interjection.

The Chair (Mr. Norm Miller): At this time, the clerk informs me that we do have education scheduled for April 25. That's section 4.07 of literacy and numeracy public hearings, just for the information of the committee.

So we'll call a subcommittee meeting to deal with the rest of it and we'll adjourn this meeting.

The committee adjourned at 0950.

CONTENTS

Wednesday 21 March 2012

Committee business	P-15
--------------------------	------

STANDING COMMITTEE ON PUBLIC ACCOUNTS

Chair / Président

Mr. Norm Miller (Parry Sound–Muskoka PC)

Vice-Chair / Vice-Président

Mr. Toby Barrett (Haldimand–Norfolk PC)

Mr. Toby Barrett (Haldimand–Norfolk PC)

M^{me} France Gélinas (Nickel Belt ND)

Mr. Phil McNeely (Ottawa–Orléans L)

Mr. Norm Miller (Parry Sound–Muskoka PC)

Mr. Reza Moridi (Richmond Hill L)

Mr. Jerry J. Ouellette (Oshawa PC)

Mrs. Liz Sandals (Guelph L)

Mr. Jagmeet Singh (Bramalea–Gore–Malton ND)

Mr. David Zimmer (Willowdale L)

Also taking part / Autres participants et participantes

Mr. Jim McCarter, Auditor General

Clerk / Greffier

Mr. William Short

Staff / Personnel

Mr. Ray McLellan, research officer,
Legislative Research Service

21
272



P-4

P-4

ISSN 1180-4327

Legislative Assembly of Ontario

First Session, 40th Parliament

Assemblée législative de l'Ontario

Première session, 40^e législature

Official Report of Debates (Hansard)

Wednesday 28 March 2012

Journal des débats (Hansard)

Mercredi 28 mars 2012

Standing Committee on Public Accounts

Special report,
Auditor General

Comité permanent des comptes publics

Rapport spécial,
vérificateur général



Chair: Norm Miller
Clerk: William Short

Président : Norm Miller
Greffier : William Short

Hansard on the Internet

Hansard and other documents of the Legislative Assembly can be on your personal computer within hours after each sitting. The address is:

<http://www.ontla.on.ca/>

Le Journal des débats sur Internet

L'adresse pour faire paraître sur votre ordinateur personnel le Journal et d'autres documents de l'Assemblée législative en quelques heures seulement après la séance est :

Index inquiries

Reference to a cumulative index of previous issues may be obtained by calling the Hansard Reporting Service indexing staff at 416-325-7410 or 325-3708.

Renseignements sur l'index

Adressez vos questions portant sur des numéros précédents du Journal des débats au personnel de l'index, qui vous fourniront des références aux pages dans l'index cumulatif, en composant le 416-325-7410 ou le 325-3708.



LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
PUBLIC ACCOUNTSCOMITÉ PERMANENT DES
COMPTES PUBLICS

Wednesday 28 March 2012

Mercredi 28 mars 2012

The committee met at 1233 in committee room 1, following a closed session.

SPECIAL REPORT, AUDITOR GENERAL:
ORNGE AIR AMBULANCE
AND RELATED SERVICES

The Chair (Mr. Norm Miller): I'd like to call the public accounts committee to order for consideration of the 2012 special report of the Auditor General of Ontario on Ornge Air Ambulance and Related Services.

There are a couple of points I'd like to make to begin with. First of all, the committee did agree that witnesses appearing before the committee be given an oath of witness or affirmation by the committee clerk. That does not apply to the minister.

Also, for the media present, if you can restrain yourselves from taking pictures of the material on the tables—some of it may be confidential. So please do not be filming documents on the tables.

The committee wasn't expecting the minister to be here until 2, but I've been informed the minister is going to be here for the entire afternoon, from now through until 3 o'clock. So thank you to the minister.

The deputy minister is here. Maybe we could get the people before us to introduce themselves, and then we'll start.

Yes, Mr. Klees?

Mr. Frank Klees: Just a housekeeping item: We received a copy of the amended performance agreement. Unfortunately, the amended agreement does not indicate where the amendments are. Just to save some time so that research can get on this for us, I would ask that we get the amended agreement that clearly shows where the amendments were made to the original agreement.

Interjection.

Mr. Frank Klees: The question is, from Ms. Gélinas, when did I receive it? Actually, I just got this five minutes ago, and I was told that it had been distributed to all members of the committee. The Auditor General says he hasn't seen it, so I'm not sure what's happened here, but there are two things. One is that we should have had this. Let's get it to the members of the committee—

The Chair (Mr. Norm Miller): Mr. Klees, I understand it was in the research background material that was prepared by Mr. McLellan and distributed to the members of the committee.

Mr. Frank Klees: I understand that. Second, I would also ask—and I think it would be helpful for all members—to receive a copy of the original agreement. The reason for that is that it becomes relevant to the deliberations we're going to have over the next number of weeks in terms of what the ministry was responsible for under the terms of the original agreement compared to the current amendments, because I think what we'll see is that there's not much difference. So I would ask that all members receive a copy of that original agreement as well.

The Chair (Mr. Norm Miller): Very well, Mr. Klees. The clerk will look after getting a copy of the original performance agreement for all members.

Mr. Frank Klees: Thank you.

MINISTRY OF HEALTH
AND LONG-TERM CARE

ORNGE

The Chair (Mr. Norm Miller): I guess we could get introductions, please, and then we'll do the oath and affirmation.

Mr. Saäd Rafi: Thank you, Chair. My name is Saäd Rafi, and I'm the Deputy Minister of Health and Long-Term Care. On my immediate right is Patricia Li, the assistant deputy minister of the direct services division that oversees the emergency health services branch; and also to my right, behind me, is Malcolm Bates, who is the director of that emergency health services branch—oh, sorry. The gentleman here with the glasses, third from the left, is Malcolm Bates, director of the emergency health services branch; and of course, to my far right is Ron McKerlie, the interim president and CEO of Ornge air ambulance.

The Chair (Mr. Norm Miller): Okay. We'll start with the oath of affirmation. Clerk?

The Clerk of the Committee (Mr. William Short): We'll start with Mr. Rafi. Mr. Rafi, could you just raise your hand?

Do you solemnly affirm that the evidence you shall give to this committee touching the subject of the present inquiry shall be the truth, the whole truth and nothing but the truth?

Mr. Saäd Rafi: Yes.

The Clerk of the Committee (Mr. William Short): Ms. Li, you're going to be affirmed, as well? Raise your hand. Thank you.

Do you solemnly affirm that the evidence you shall give to this committee touching the subject of the present inquiry shall be the truth, the whole truth and nothing but the truth?

Ms. Patricia Li: Yes.

The Clerk of the Committee (Mr. William Short): Thank you. Mr. McKerlie, you wanted to swear an oath, I think—or do you want to be affirmed?

Mr. Ron McKerlie: I'd swear the oath.

The Clerk of the Committee (Mr. William Short): Okay. The Bible is right there. We'll do Mr. McKerlie and then we'll do Mr. Bates.

Mr. McKerlie, do you solemnly swear that the evidence you shall give to this committee touching the subject of the present inquiry shall be the truth, the whole truth and nothing but the truth, so help you God?

Mr. Ron McKerlie: So help me God.

The Clerk of the Committee (Mr. William Short): Mr. Bates, do you solemnly swear that the evidence you shall give to the committee touching the subject of the present inquiry shall be the truth, the whole truth and nothing but the truth, so help you God?

Interjection.

The Clerk of the Committee (Mr. William Short): Thank you.

The Chair (Mr. Norm Miller): I believe we have time for an opening statement of no more than 20 minutes, and then we'll have 20-minute rotations and questions throughout the three parties.

Hon. Deborah Matthews: Well, thank you very much. Good afternoon. I want to say thank you for this opportunity to speak to the Auditor General's report on our air ambulance services.

I want to again thank the Auditor General and his staff for their work and advice. As always, the Auditor General has completed a thorough and insightful review. He has put forward a number of specific recommendations to improve oversight, accountability and, above all, patient safety at Ornge. Many of these recommendations have already been implemented, and I can assure members of this committee that we will act on every recommendation in the Auditor General's report.

I have had the opportunity to meet many of the paramedics, staff and pilots at Ornge. I have been very impressed by their work, often under very challenging circumstances, saving lives every day. I can tell you that they are fully committed to providing the best possible care to Ontario patients, and I am just as committed to supporting them. That is why I have taken quick and decisive action to fix those problems raised by the Auditor General, to ensure that we have a high-quality air ambulance system that is there for patients in their time of greatest need.

1240

Pointed questions have been raised by members of the Legislature about my handling of this situation. I want to

take a few minutes to walk committee members through the timeline of events that demonstrate I took action immediately upon learning of problems at Ornge.

In October 2010, the Auditor General announced his value-for-money audit of Ornge. That work continued until the release of his final report on March 21 of this year.

On January 24, 2011, Ornge's former leadership and their legal team met with my ministry and members of my staff to discuss their new structure and business venture. Many of the changes had already taken place at the time of that meeting. Ornge's leadership and legal counsel gave clear and unequivocal assurances that no public funds would be used for their private endeavours. They also assured us that there would be no impact to the services they provide to the province of Ontario. Indeed, they submitted that up to \$200 million could flow back to Ontario's air ambulance service to fill what they called "service gaps" in the public air ambulance system.

I understand that Ornge also informed PC and NDP leaders, health critics, and members of their caucus of these changes.

In April, three questions regarding Ornge were asked in question period by the member from Newmarket–Aurora. When these questions were asked, I knew that the Auditor General was doing his work and that we would be provided with objective recommendations in his report. All issues related to Ornge were forwarded to the Auditor General.

On October 20, I was reappointed as Minister of Health and Long-Term Care. There were a number of issues that required my attention, Ornge being one of them, given that a draft auditor's report had been received by my ministry.

One week after being reappointed as Minister of Health, on October 27, I became aware of a number of issues that were being raised by the Auditor General in regard to his ongoing audit at Ornge.

I instructed by ministry to do an analysis of all available options to address the initial concerns that had come to light. It became very clear that the options were limited. The original performance agreement with Ornge did not give us the tools we needed to address these concerns. I could not, for example, appoint a supervisor the way I could in a hospital, nor could I make changes to that performance agreement without the approval of Ornge's board of directors. Further, because Ornge was a federally incorporated charity, legislative options were not available.

On December 1, I met with the auditor to discuss other chapters in his annual report, specifically on physician payment models. At that time, he informed me that the Ornge audit would not be complete in time for his annual report.

On December 5, Ms. Horwath asked a question in the Legislature about executive compensation, specifically asking why it was not being disclosed. I followed up with a briefing on that issue, and on December 8, a letter was sent to Ornge asking for detailed information on

compensation, demanding that they disclose executive salaries from the private side of their business.

Around the same time, I learned that the Auditor General was being stonewalled by Ornge—that they were being very uncooperative. I then spoke directly with the Auditor General, and he confirmed to me that he was not getting the information he needed to complete his review. I also asked the auditor to confirm that salary disclosure was a subject of his audit, as concerns about Ornge's compliance with public sector salary disclosure were being raised.

On December 15, I met with senior executives at Ornge: then-COO Tom Lepine and then-board chair Rainer Beltzner. I demanded that they disclose executive salaries and co-operate with the requests from the Auditor General and from the ministry.

On December 19, I sent a letter to Ornge clarifying the purpose and substance of our meeting, in response to a statement released by Ornge that misrepresented the content of our meeting. Two days later, Ornge did disclose the compensation of senior executives to my ministry and revealed particularly outrageous compensation being paid to then-CEO Chris Mazza. That was when I knew something was seriously wrong—that I could not wait for the Auditor General's final report, and that I had to step in immediately.

The next day, December 22, I directed my ministry to inform Ornge that we were sending in the Ministry of Finance's forensic audit team to follow the public dollars. That team got to work immediately: They began the very next day, December 23.

It was at this time that I began to accelerate our plans to make changes at Ornge in a way that would not adversely affect patient safety or interrupt service. We had neither the Auditor General's final report nor the tools that could compel the Ornge board to comply with government directives. However, pressure on Ornge was growing—pressure from the Auditor General, pressure from the ministry and pressure from the media.

On January 11, 2012, the board of directors at Ornge signalled their intention to resign, and I recommended the appointment of an interim CEO, Ron McKerlie. A blue-chip, volunteer, new board of directors was recommended for appointment on January 25, led by board chair Ian Delaney.

The new leadership was directed to report back to me on issues of patient safety, the use of public dollars and the development of a new performance agreement. The new leadership immediately began the process of winding down the for-profit entities at Ornge, as per my direction.

On February 16, I received a report from the forensic auditors revealing serious financial irregularities at Ornge. It was at that time that the matter was referred to the Ontario Provincial Police for investigation.

Ornge is now on the right path forward, but there were serious problems under the former leadership. As the auditor notes, we have already taken substantive action to address many of the issues raised in this report.

I want to thank the new leadership at Ornge. They have already made tremendous progress on their core mission of providing life-saving care to Ontario patients. They have my full confidence.

A new performance agreement is now in place that will ensure greater oversight, transparency and accountability moving forward. This amended performance agreement will safeguard patient care and provide better value for taxpayer dollars.

Legislative changes to the Ambulance Act have already been introduced that, if passed, would protect whistle-blowers and prevent future abuses of power at Ornge. In addition, these amendments will allow the government to take control of Ornge in extraordinary circumstances through the appointment of a supervisor.

As minister, I take my full share of responsibility for what transpired. It is important that we all learn lessons from this situation. I am fully committed to fixing the problems so they will not happen again. We didn't get this perfect, but I believe the public expects that when we don't get it right, we move quickly to take strong and substantial action at our first available opportunity. That's exactly what I did. In the eight weeks from October 27 to December 22, I went from becoming aware of a draft auditor's report to sending in a forensic audit team. Three weeks after that, a new interim CEO was in place. Two weeks later, a strong, new board was in place.

I am committed to implementing every single one of the auditor's recommendations to restore public confidence at Ornge. We know there is much more to do as we continue to rebuild Ornge. Our front-line staff deserve no less and, most of all, the public deserves no less.

I am now going to pass over to my deputy minister, Saäd Rafi.

Mr. Saäd Rafi: Thank you, and good afternoon. Thanks for this opportunity to address the Standing Committee on Public Accounts with respect to the Auditor General's report entitled Ornge Air Ambulance and Related Services.

Let me start by stating at the outset that the ministry and I also greatly appreciate the Auditor General's analysis, and let me assure the committee that the Ministry of Health and Long-Term Care is in the process of taking action to address each of the Auditor General's recommendations.

Today, I'd like to provide the context and history of air and land ambulance services. I'd like to step back a little and look at how the delivery of air ambulance service and the transfer of responsibility to what ultimately came—

Interjection.

1250

Mr. David Zimmer: Excuse me, is the report being distributed now? Just give—

Mr. Saäd Rafi: Certainly. My apologies.

Context, as they say, is everything. In the context of all that has gone before, I firmly believe that the ministry is now on the right track in working with Ornge's leadership to strengthen accountability, oversight and trans-

parency at Ornge, and most importantly, the safe and effective transportation of patients.

Since their creation in 1977, air ambulance services in Ontario have undergone a number of enhancements and extended the service across the entire province. In essence, the service had three main elements: funding, dispatch and oversight provided by the ministry; a base hospital system at Sunnybrook Health Sciences Centre, which oversaw the practise of paramedicine; and air ambulance services, both helicopter and fixed-wing, that were contracted out.

A not-for-profit entity called the Ontario Air Ambulance Services Co., or OAASC, was incorporated on October 8, 2004, under the federal Canada Corporations Act. In November 2005, a long-term performance agreement was entered into for the provision of air ambulance services between OAASC and the ministry. The performance agreement had an indefinite term and it governed all aspects of air ambulance services, including the performance standards to which Ornge is subject and the level of government funding.

For additional background, I want to turn briefly to the legislation and accountability mechanisms that govern air ambulance services in Ontario. Both land and air ambulance services are governed by the Ambulance Act and regulations and standards made under the act. The act sets out the responsibilities and expectations of the minister and other parties related to the delivery of land and air ambulance-related services. The government provides Ornge with funding through a contractual agreement to deliver air ambulance services as part of the minister's obligation under the act to fund and ensure the provision of air ambulance service. The province also provides Ornge with funding to operate critical care land ambulance services.

In 2011-12, the total combined funding for Ornge was over \$152 million. Currently, Ornge employs a total of some 600 staff approximately, including paramedics, dispatch personnel, pilots, managers and executives.

I would like to emphasize that the government contracts with Ornge to deliver critical care land and air ambulance services and that this is governed, as I mentioned earlier, through the performance agreement. The government did not appoint the previous board of directors; it recommended the current board.

However, it must be noted that Ornge is an independently governed entity. It is not an agency of government, nor a crown corporation, nor any other extension of the government. At this juncture, it is a not-for-profit corporation governed by the Canada Corporations Act that operates as an independent undertaking.

Now let me turn to the more recent past: the matter of Ornge's private sector structure and business enterprises. In January 2011, the Ornge board sent a letter to the ministry, followed by a presentation which outlined a new corporate structure along with new profit-making business ventures. The letter was positioned as due diligence on the part of Ornge to "keep its principal stake-

holder, the government of Ontario, fully informed about developments in its operations."

As I mentioned earlier, Ornge's obligations to the government are through its non-profit, charitable organization, governed through the performance agreement, which provides critical care and land ambulance services.

That characterization of the relationship between Ornge and the government is just one among a number of other confounding elements:

First, Ornge is a federally incorporated registered charity. That means that the provincial government has no powers to create laws that would affect its corporate governance or corporate structure.

Second, by the time it was presented to the ministry, the plan to create the new business structure and enter into new business ventures had already been approved by the Ornge board. For example, "Ornge is seeking nothing from the government except to make it aware of what it has done and is intending to do."

Since these for-profit activities were outside the ministry's contractual nexus with Ornge, there was no legal mechanism for intervention. In addition, since the ministry was told that these for-profit activities would not impact the services provided under the performance agreement, there was no reason to believe that such intervention was required.

Indeed, there were numerous assurances provided in the letter from the chair, Mr. Rainer Beltzner, qualified as a fellow of the chartered accountants and a director of the Institute of Corporate Directors, to the effect that: "The board has been particularly mindful of its fiduciary obligations to Ornge and its stakeholders in considering the issues raised by the new structure. Of special note is the fact that in addition to advice from its own legal and accounting advisors, the board received independent legal counsel as well."

Further, Mr. Beltzner goes on to state, "Ornge is currently seeking nothing from the government, save and except the opportunity to inform its principal stakeholder.... Ornge is not seeking ... any decision of the government."

I can assure you that probing questions were asked during the presentation. The ministry's concern was the possible blurring of the lines between public funding and private enterprise. The ministry's interests were, and remain, to ensure that there was no risk to public funds in the proposal to create a new business structure, one arm of which would continue to receive government funding for its core business of providing air and critical land ambulance services. Ornge representatives gave clear and unequivocal assurances to the ministry that the board had consulted leading legal, financial, credit rating and accounting firms, and was advised that its decisions were legitimate, above board and permissible under existing legislation, its corporate structure and the performance agreement with the ministry. The Ornge representatives also indicated that no public funds would be used in the new business venture of the for-profit enterprises and, in addition, promised a return on investment to the province

for its funding to the not-for-profit side of the provision of air ambulance services.

For example, on page 2 of the same letter, the chair indicated that, “Ornge’s pursuit of the new business ventures is being funded entirely with monies advanced as debt or equity by third parties, and is not being funded by monies advanced by the government.”

Furthermore, the ministry was told that there would be no conflicts of interest in the management agreement between Ornge and Ornge Global GP Inc., the for-profit entity.

Considering the assurances provided by the eminent chair, Mr. Rainer Beltzner, on behalf of the board of directors; the assurances of no conflict of interest and no use of public funds; and the diligence of several leading advisory firms, the ministry saw no reason to doubt Ornge’s assurances.

I should add that following the presentation, the ministry did analyze a number of issues, including the potential impact of Ornge’s new business ventures on the provision of air and critical land ambulance services, which is our core responsibility; compliance with the performance agreement; and the impact on the province’s finances. The analysis concluded that Ornge was able to undertake this restructuring under the terms of the existing performance agreement.

Further analysis indicated that the ministry had no remedies to prevent the creation of this corporate structure should it want to, except to halt all funding, which would put patients at risk. Other options were to get Ornge to agree to renegotiate the performance agreement, which was deemed unlikely, or to continue to monitor the delivery of the core services to see if this structure had any impact on the provision of those core services. Furthermore, as I mentioned earlier, Ornge is federally incorporated; hence, it was not possible for Ontario to enact legislation affecting Ornge’s corporate governance.

It wasn’t until the Auditor General told the ministry that Ornge was being uncooperative regarding the private side of their corporation that it started to emerge that there were some private sector business issues at play.

Hindsight is perfect vision, and in hindsight, it is tempting to say that the original performance agreement should have been drafted in a way that would have prevented the alleged abuses that occurred later. But frankly, Ornge’s leadership’s apparent promotion of private interests over public interests was unforeseeable. No one could have imagined when the performance agreement was drafted that measures would have to be built in to stop the leadership from apparently ignoring its fiduciary responsibilities and possibly using public funds for their own private interests.

For my part, in conclusion, I would like to assure the committee that the ministry is fully committed to strengthening Ontario’s air ambulance service so that it operates with the public interest—and patients’ interests—solely in mind. We are also committed to implementing the Auditor General’s report recommendations.

The report’s analysis and recommendations will go a long way to help the ministry achieve that goal.

I also want to thank the new leadership at Ornge, led by interim CEO Ron McKerlie and the board chair, Ian Delaney, who have already made tremendous progress to resolve the issues at Ornge.

Ontarians are fortunate to have front-line pilots, paramedics and staff at Ornge whose exemplary work continually puts patient care first. The ministry has every confidence in their dedication, commitment and professionalism.

Thank you for your attention, and we’d be pleased to answer your questions.

The Chair (Mr. Norm Miller): Thank you, Minister and Deputy Minister, for your presentations.

The format now will be that we’ll have 20-minute rounds of questions, starting with the official opposition and going through the three parties.

Mr. Klees.

Mr. Frank Klees: Thank you, Mr. Chair—

Interjection.

The Chair (Mr. Norm Miller): Yes?

Mr. Ron McKerlie: Is it possible to speak some statements into the record that may be helpful, from Ornge’s perspective, in terms of answering some of the questions?

The Chair (Mr. Norm Miller): How long of a statement do you have? We won’t cut into your time, other than—

Mr. Ron McKerlie: I promise I will speak as quickly as I can.

The Chair (Mr. Norm Miller): How long are you asking for?

Mr. Ron McKerlie: If I could have five or six minutes, that’d be perfect.

The Chair (Mr. Norm Miller): Is that agreed by the committee, to give Mr. McKerlie five minutes?

Mr. Frank Klees: Chair, I would prefer to get on with the questioning. Mr. McKerlie can have some time later, and we’ll have some questions for him as well.

The Chair (Mr. Norm Miller): So it’s not agreed by the committee—

Mr. Frank Klees: That was the agreed format.

The Chair (Mr. Norm Miller): —to give five or six minutes. Okay, then, we’ll start with the questioning. Sorry, Mr. McKerlie.

Go ahead, Mr. Klees.

Mr. Frank Klees: I’d like to start, Mr. Rafi, by asking you to clarify for me why, in your presentation, you tell us at length about why the ministry had no authority to intervene, and yet the ministry intervened very aggressively. What changed that allowed the ministry to intervene, once the minister decided to do so, from the previous set of circumstances? You had no more authority under the performance agreement to do so. No one gave you any more latitude. Your excuse—and I’m sorry to use that, but it is that—to not take action under the authority that you had under the existing performance agreement, which we both have read, I assume, that

clearly gave the ministry not only authority to intervene in terms of oversight and to hold Ornge accountable to performance levels and standards—the ministry refused to do that. What changed from the time that the minister said she had no authority to your very aggressive intervention?

1300

Mr. Saād Rafi: The ministry has always had an authority to audit Ornge, so the minister was well within her bounds to call for auditors, that turned into forensic investigators, to go in in December.

But the direct answer to your question is: the voluntary resignation of the board. Absent that, we still would not have been able to affect Ornge's structure, either through the performance agreement—and we definitely were not able to affect Ornge's corporate structure, the for-profit side, through the performance agreement.

We did exercise our oversight capacity on the performance level standards—the term you used—within the performance agreement throughout the time that we've had this performance agreement in place, and we continue to do so today.

Mr. Frank Klees: So in other words, until such time as you went to Ornge and asked the board for their co-operation, the ministry took no initiative to do so. That could well have taken place much earlier, once there was a signal—in fact, there was a signal. If the minister didn't want to listen to members of the Legislature who raised these concerns as early as April, and if the minister had at least listened to the auditor's draft report, that should have given rise; why wait until—actually, it was about three months later. Why would the ministry not have taken initial steps—knowing that perhaps she felt, or the ministry felt, they didn't have the authority, why would they not have taken that step: called the board and said, "Look, we've got serious problems and we're going to move in"? Why?

Mr. Saād Rafi: So there's an audit taking place. We have analyzed what our ability to step into that organization is. It is extremely limited. The remedies, as I mentioned, are not available.

There was an implication, if I'm not mistaken—and if I didn't understand you correctly, please do correct me. But I understood you to say that the ministry encouraged the board to step down. The ministry indeed did not do so. The board agreed to resign on their own volition.

Mr. Frank Klees: Well, that's unfortunate.

Mr. Saād Rafi: I don't know what motivated them to do that. That's a question for them.

But we receive an audit report at the end of September, a draft report, and then throughout the next ensuing several weeks, actions are taken, as the minister has chronicled. But first, assessment was taken as to, one, repairing any concerns we might have had with the draft content. The auditor I think generously changed some factual elements to the report. But it was at that juncture that we were seeing the types of things that were, I think—

Mr. Frank Klees: Mr. Rafi, thank you for that.

Mr. Saād Rafi: —the two principal elements that were causing some trouble.

Mr. Frank Klees: Thank you. You know, that's even more discouraging. I was hoping that at least it was the ministry that took the initiative, and the ministry waited until the board volunteered to resign?

Mr. Saād Rafi: No.

Mr. Frank Klees: Mr. Rafi, you are—

Mr. Saād Rafi: No, sir. I—

Mr. Frank Klees: —deputy minister of a \$48-billion ministry.

Mr. Saād Rafi: I'm afraid that's unfair. I'm afraid that's unfair. I did not say we waited for the board to resign. I referred to the minister's comments and the chronology of events that she laid out there. I'd be happy to cover them again, but the point—

Mr. Frank Klees: No, I have some questions I'd like to ask you, actually.

Mr. Saād Rafi: Sorry.

Mr. Frank Klees: I hear what has happened here.

I have another question for you. Under the terms of the performance agreement, the health services branch of your ministry had a responsibility to oversee all of the service delivery and the performance standards that were incorporated. In fact, it had a responsibility to help develop those performance standards. Apart from the financial issues that were taking place, quite frankly, the more important issue for us in this committee and in this Legislature is what happened to the performance levels of providing those emergency services.

We have heard—you know; you know full well—from paramedics and front-line pilots about how service levels were devolving: the number of missed calls, the number of patients who were put at risk. Your emergency services division is investigating now a number of incidents. The coroner is investigating certain instances. Where was the emergency services branch of the Ministry of Health while these reports were coming forward? Where was your ministry in terms of those issues?

Mr. Saād Rafi: Exercising its due diligence and its requirements is a core responsibility under the performance agreement. I do not believe there are coroner investigations taking place today. We have an investigative function—you're quite right—in the emergency health services branch. That branch acted, when it heard, on items that we were misled on—we discovered that we were misled on. For example—this was not raised by members, but this came out through one of our communications officers through a paramedic: that the interior of the aircraft was not properly able to provide CPR. The ministry, through its emergency health services branch, launched an investigation immediately. That was in July.

In addition to that, it monitored its performance requirements through the performance agreement. The auditor has quite rightly identified areas where it should increase some performance indicators. That has been added in the amended agreement, and we will continue to

enforce the performance standards that we're obliged to do. I think—

Mr. Frank Klees: So, Mr. Rafi, here's—I have another question for your emergency services branch.

Mr. David Zimmer: Chair?

The Chair (Mr. Norm Miller): Yes, Mr. Zimmer.

Mr. David Zimmer: On a point of order: Look, these witnesses are under oath. This is a little different than the usual kind of sessions that we have at public accounts. There is a clear principle of law in these kinds of hearings when parties are under oath that there's a special obligation on the Chair or the judge, if it happens to be a judge, or the committee members who are part of the hearing process, to permit a witness—and they're witnesses now because they're under oath, and all the consequences of not giving full and complete answers follow from that. But it is a clear principle of law that, in these circumstances when a witness—in this case, the deputy minister—is asked a question, he be allowed to answer the question fully as that witness sees fit and that it's not appropriate for either the Chair or members of the committee to cherry-pick and cut off the answer that a witness is giving under oath. What Mr. Klees is—

The Chair (Mr. Norm Miller): Thank you, Mr. Zimmer, for—

Mr. David Zimmer: Well, just a second. Mr. Klees has asked a couple of questions, and he has just sort of stepped in and cut the witness off. That's not permissible.

The Chair (Mr. Norm Miller): Okay, Mr. Zimmer, that's not a point of order, but thank you for pointing that out.

Mr. Frank Klees: Chair, with all due respect—

The Chair (Mr. Norm Miller): —we can maintain cordial relations in this committee, and the questioners will give due time for those answering the questions to answer the questions.

Mr. Frank Klees: And we will do that, Mr. Chair. I would ask you to caution Mr. Zimmer to refrain from that kind of intervention. I know full well how to question a witness, and I know when my question has been answered. We know his tactic, and we know the tactic of the Liberal benchers—

The Chair (Mr. Norm Miller): Okay, if we can just continue with the questioning. We have limited time here for these proceedings, so if we could please continue.

Mr. Frank Klees: I expect that I'll at least be given the time that Mr. Zimmer took—

Mr. David Zimmer: —the protection of the witness's right to fully answer the questions.

The Chair (Mr. Norm Miller): Okay, let's—

Mr. Frank Klees: Mr. Zimmer, I know when my questions have been answered.

The Chair (Mr. Norm Miller): Let's continue.

Mr. Frank Klees: I want to ask this question of the deputy. Ornge acquired, at great cost—and we now find out that it was taxpayers' money because the \$300-million offering that was put into the market to purchase helicopters and fixed-wing aircraft was guaranteed by the province of Ontario. That's how it was represented to the

public. Those aircraft were purchased to deliver a service under the terms of the performance agreement. Did, at any time, the Ministry of Health inspect or have any indication as to whether those aircraft would be appropriate for the delivery of the services? If so, why not?

1310

Mr. Saäd Rafi: I apologize for not facing the committee when you were asking the question.

The arrangement that the ministry has with this not-for-profit corporation, Ornge, is that we contract services that are stipulated in the performance agreement for critical-care land ambulance and air ambulance services. Before that organization was set up, as I mentioned, we had for-profit providers and a contractual provision for air ambulance services. We didn't stipulate what aircraft they would use; we stipulated what services we would get. So we don't stipulate the type of facility that a long-term-care home must build; we stipulate the regulatory requirements to provide safe services to the residents.

Our obligation is on patient safety in the carriage, either on land or in air, of air ambulance services. We did not stipulate the type of aircraft necessary.

Mr. Frank Klees: But I would have expected that the Ministry of Health would at least want to assure themselves that CPR could be performed in these helicopters that were being used to transfer patients. One would have expected that the medical director of Ornge would at least have inspected the interiors of those helicopters. I'm told that that medical director of health for Ornge hadn't even been on the inside of one of these helicopters until the media exposed the fact that CPR couldn't be performed.

Here's my question. We've lost all confidence in the Ornge executives. Why Mr. Sawadsky is still there as the medical director, I don't know. I'm sure Mr. McKerlie can answer that question when it comes his time, but the question that I have is where was the Ministry of Health, who have the responsibility to ensure that the equipment that's used, whether it's an ambulance or air ambulance, is in fact up to standard and can accommodate the service that has been contracted for? Where was the Ministry of Health?

Mr. Saäd Rafi: You're quite right. We were given that assurance by that same medical director that the interiors were sufficient, and it wasn't until a complaint was lodged via our communications centre on or about July 2011 that we discovered that that indeed was not true. We were misled. We launched an investigation. I understand that actions have been taken to get a short-term correction to the interior structure. That has been approved by Transport Canada, but I should leave that to Mr. McKerlie.

But, sir, we were misled. We did ask about the interior, and we were told it was sufficient and up to standard.

Mr. Frank Klees: In that case, I'd like to bring Mr. McKerlie into the discussion. With all due respect, Mr. McKerlie, you have a tough job, but I do have a question about this and Dr. Sawadsky. Knowing his track record,

knowing that he failed to do his job, why is he still the medical director at Ornge?

Mr. Ron McKerlie: When I got there, I had asked for a recap of the medical interior issues on the AW139. There were a number of pieces of information that were available. I asked the medical director to recap them all. He went out and he made a complete list for us, which is the list that was subsequently published. He has done his job before and since, as far as I can tell. Bruce is still there, still working as a medical director for us and providing good service. I see no reason to let him go.

Mr. Frank Klees: You consider it good service to allow \$9.5 million to be spent on a medical interior that doesn't even allow paramedics to perform CPR, for which he had responsibility? You consider that having done a good job?

Mr. Ron McKerlie: First of all, it wasn't \$9.5 million. It was \$6 million.

Mr. Frank Klees: Oh, I'm sorry.

Mr. Ron McKerlie: Secondly, it wasn't his decision initially to approve the medical interior. He came after that. It was approved by some existing paramedics who actually used a modified version. The mistake was made by former management who outfitted 10 aircraft with the same medical interior before they ever flew one in service. That's a problem. We have worked hard with the engineers since then. We have worked with Transport Canada. We have a work-around solution which is approved to fly. We have been flying that over the last six weeks, and we're working now on a longer-term solution.

Mr. Frank Klees: Mr. McKerlie, I understand that Ornge at one time claimed that it was a member in good standing of the international Commission on Accreditation of Medical Transport Services, and I understand that that certification has been cancelled.

Mr. Ron McKerlie: We voluntarily withdrew in February. That's correct. It's not necessary for us, but given all the noise going on in the media around our membership, we felt it was easier for them and us to withdraw.

Mr. Frank Klees: Was that because you felt that once you were scrutinized, you wouldn't qualify for that accreditation?

Mr. Ron McKerlie: I don't know the answer to that, because we hadn't been scrutinized by them. We withdrew voluntarily.

Mr. Frank Klees: Would you not think that, particularly now, it would be good for you to have an accreditation and have a third party scrutinize your organization, and would you undertake to have that done?

Mr. Ron McKerlie: We have no less than seven third parties in there right now scrutinizing the organization, so I can assure you that we're getting as much oversight, probably, as this organization has ever had.

Mr. Frank Klees: Mr. McKerlie, I understand that an engine fire in one of the PC-12s took place last month. You're aware of that?

Mr. Ron McKerlie: Are you talking about the Air Bravo incident?

Mr. Frank Klees: No, I'm not.

Mr. Ron McKerlie: Sorry, you're talking about a PC-12?

Mr. Frank Klees: Yes.

Mr. Ron McKerlie: I'm not aware of an engine fire in one of our PC-12s.

Mr. Frank Klees: I understand that it happened on the ground. It's interesting that you're not aware of it. Perhaps you could look into it. What is interesting about it is that no one else knew about it either.

The other question I have for you is, at one time it was posted as public information—when I say public, I mean available to the pilots and the paramedics—when a particular helicopter was out of service or a particular base was out of service. That has now been removed from the website or from your internal communication. Is there a reason that you're taking these steps to actually reduce the amount of information that's available to your staff?

Mr. Ron McKerlie: Actually, there's an increased amount of information available to staff, including when aircraft are out of service, when there are delays due to medic late starts and if there are weather-out situations. All that is provided to our staff through the ACC and online through Lifeline. So that information is available, and there is more than there has been in the past.

Mr. Frank Klees: I would encourage you to do some research on that, because that is not the information I have and it's not the information we're getting from your front-line staff—

Mr. Ron McKerlie: There has been a lot of misinformation, so perhaps you're not getting good information. I'd be happy to share the truth with you.

Mr. Frank Klees: Well, it seems that the misinformation, up until now, has all gone the other way. The Ministry of Health is telling us that the reason they didn't do what they were supposed to is because they had all kinds of misinformation from Ornge. Where is the misinformation and where is the truth? I would ask you, what are you doing to get to the truth?

Mr. Ron McKerlie: I'd love to go back to my opening statement, which talks about what we have done since I have been there, in the nine weeks I've been on the job. Is that permissible, Mr. Chair?

The Chair (Mr. Norm Miller): There's about three minutes left in this round of questioning, so it doesn't sound like there would be time for your six minutes—

Mr. Frank Klees: In that case, I just have one more question for the minister. Minister, you know that we will agree to disagree on this issue. I only have one question for you. In your chronological description here of when you decided to take steps, you very clearly say that when I raised these issues on three different occasions in April, that wasn't enough for you to take any—in fact, you admitted you did nothing. Yet you decided that when the Auditor General, as an officer of the Legislature, brought forward a draft report to you, that tweaked your interest

somewhat. Can you tell us why, when a member of provincial Parliament, your colleague in this Legislature, brings something forward, you would just ignore that?

Hon. Deborah Matthews: Well, with respect, I did not ignore that. As I said in my statement, I did refer the issues you raised to the Auditor General, and as you have said, you also shared that information with the Auditor General.

I think it was important that I respect the work of the Auditor General. I knew his audit was ongoing, and I knew he would do an excellent job, as he always does.

1320

Mr. Frank Klees: Minister—

Hon. Deborah Matthews: So I think what's important also is that you did ask a question about what triggered the activity—I think you called it aggressive action—that did take place. The key element that I think is important, everyone does understand, is that the board did resign, and I, with respect, say that I played a part in that decision, because I did have a meeting with the COO, with the chair of the board, where I made it very, very clear with them that their house of cards was about to fall, that we now were moving in on—we understood that there were problems at Ornge and that we were absolutely determined to fix them.

Mr. Frank Klees: Thank you, Minister. I raised that question—

The Chair (Mr. Norm Miller): You have about 30 seconds left, Frank.

Mr. Frank Klees: Thank you. I raised that question in the Legislature because I wanted to respect your role as minister. Your role as minister, I thought, would be that you would immediately call in your ministry people who have responsibility for this and say, "Let's look into this," not defer it to an officer of the Legislature. With all due respect, the Auditor General has a role to play. It's not a proactive role. It is not an oversight role. The Auditor General's role is to come in and tell us what went wrong. The role of a minister is to ensure that it doesn't go wrong and to take proactive initiative to ensure that when a member of the Legislature brings something forward to you, the expectation would be that you take that seriously and you exercise your authority as minister, not defer to an auditor—

The Chair (Mr. Norm Miller): Thank you, Mr. Klees. It's now time for the third party to ask questions.

I would just remind people, if they have phones on in the room, if you could please turn them off. They're interfering with our—or turn the ringer off, at the very least.

Mr. Jagmeet Singh: Yes, my question, just to begin with, is a yes/no question. If you can confirm, Ornge is—I mean, we all know this, but let's just put this on the record—essentially 100% provincially funded. Is that correct? I'll begin with the minister.

Hon. Deborah Matthews: The answer is no. It is not 100%. I will pass this to the deputy.

Mr. Saād Rafi: The majority of funding is from government, but it does have other sources of revenue, both foundational and otherwise.

Mr. Jagmeet Singh: Okay, fair enough. Ms. Li, essentially—so it's not 100%, but close to the majority of it is funded through the province?

Ms. Patricia Li: That would be correct.

Mr. Jagmeet Singh: Okay.

The Ministry of Health, in general, has an obligation to oversee where its money is being spent. Approximately \$150 million is the ballpark figure of how much money is funded towards Ornge, and one of your obligations is to oversee that. Is that correct?

Mr. Saād Rafi: Correct.

Mr. Jagmeet Singh: Mr. Rafi, that was—

Mr. Saād Rafi: I'm sorry. Pardon me.

Mr. Jagmeet Singh: Minister, that's correct?

Hon. Deborah Matthews: Yes.

Mr. Jagmeet Singh: Mr. Rafi, that's correct?

Mr. Saād Rafi: Yes.

Mr. Jagmeet Singh: And Ms. Li, is that correct as well?

Ms. Patricia Li: Yes.

Mr. Jagmeet Singh: One of the essential elements of oversight is to know where the money is being spent, where it's being allocated. Is that correct, Minister?

Hon. Deborah Matthews: I know you want yes/no answers, but I'm afraid you're getting to where it gets a little more complicated.

Mr. Jagmeet Singh: Okay.

Hon. Deborah Matthews: We had a relationship with Ornge that was a contractual relationship. They had an obligation to deliver service. We gave them money to deliver that service.

Mr. Jagmeet Singh: So my question, specifically, is, a part of oversight, which is your obligation—you agree with me that oversight of Ornge is one of your obligations as the minister and as well, deputy minister, Mr. Rafi, and Ms. Li? Would you all agree that oversight is one of your essential functions and obligations and duties?

Hon. Deborah Matthews: Absolutely, and that is why we've introduced legislation that gives us far more oversight than we had before. We have a new performance agreement that gives us significantly more oversight than existed before.

Mr. Jagmeet Singh: And one of the essential elements of oversight is to know where your money is being spent. That is a very important element of oversight. Would you agree with that comment?

Interjection.

Mr. Jagmeet Singh: To the Minister, and also to Mr. Rafi and to Ms. Li.

Hon. Deborah Matthews: Within the confines of the performance agreement.

Mr. Jagmeet Singh: But that is an essential element, knowing where the money is being spent?

Mr. Saād Rafi: Well, if you would accept that it's within the confines of the performance agreement, I would say yes.

Mr. Jagmeet Singh: Okay.

Now, the minister had already agreed to the statement—it's in her comments, so I'll direct this to Mr. Rafi and Ms. Li. To quote exactly from the comments made, "Two days later, on December 21, Ornge disclosed the compensation of senior executives to my ministry and revealed particularly outrageous compensation to then-CEO Chris Mazza.

"That's when I knew something was seriously wrong."

Mr. Rafi, would you agree with that comment that finding out that that compensation was, in the minister's words, "particularly outrageous compensation"—do you agree with me that that would be something that would raise alarms?

Mr. Saād Rafi: Perhaps, because the way that compensation was provided, it suggested that there were funds, public funds, being provided to the for-profit side. That was the trigger for the action of ensuring, under the performance agreement—to your previous line of questions—that the ministry was either not getting the information it was supposed to and asked for and did receive with respect to the performance agreement and the oversight role that it fulfilled at its core responsibility, and therefore that revelation—and indeed it was—was something that triggered that action.

Mr. Jagmeet Singh: Okay. And Ms. Li, would you also agree that the minister's comments with respect to the fact that the compensation was particularly outrageous, that that something that—when the minister found that out, that's when she knew something was seriously wrong—would you agree that that's something that would raise concerns, seriously?

Ms. Patricia Li: I think in the context of the performance agreement.

Mr. Jagmeet Singh: Okay. I'm going to draw your attention to—Howard Hampton raised this issue November 2010, and he asked this question to Mr. Rafi. The question was, "Now I have a question. If he is the head"—sorry. The question initially was to Ms. Li: "Who runs Ornge?" Ms. Li answered, "Dr. ... Mazza. He's the CEO of the Ornge corporation." Later on, Mr. Howard Hampton asked the question, "If he is the head of Ornge, why does his name no longer appear on the Ontario salary disclosure list after 2007?" Further, the question goes, "Why would his name no longer appear on the salary disclosure list after 2007?" Mr. Rafi answers, "Again, I'll have to consult with the Ministry of Finance, who are responsible for regulating and determining who is included and who is not, and we'd like to get back to you..."

Mr. Rafi, did you get back to Mr. Hampton with regards to why his name was not on the salary disclosure?

Mr. Saād Rafi: Regrettably, the ministry was very late in responding to that request at the estimates, the last estimates presentation.

Mr. Jagmeet Singh: And so you did not get back to him on that?

Mr. Saād Rafi: That's correct.

Mr. Jagmeet Singh: Okay. In fact, a request is made by Mr. Rosenstock of our office, a researcher with the NDP, and a request is made through the Freedom of Information and Protection of Privacy Act. In that act, the request was this: "Any record explaining why Dr. Christopher Mazza, president and CEO of Ornge, is not listed on the 2009 public sector salary disclosure." The response to that, which was provided by the Ministry of Health and Long-Term Care—the answer is:

"I am replying to your request....

"This is to inform you that a search was conducted in the legal services branch and 19 records were found responsive to your request. A search was also conducted in the emergency health services branch and 13 responsive records were found.

"However, we are not able to grant access to these records under the authority of sections 13 (advice to government), 19 (solicitor-client privilege) and 21 (personal privacy) of the act. Patricia Li, assistant deputy minister, and Janice Crawford, director, legal services branch, were responsible for this decision."

So I ask you, Ms. Li, why is it that you did not respond to this freedom-of-information request that wanted to get to the heart of why Dr. Mazza's salary was not disclosed when this, in your own words and in the words of the Minister of Health, was the largest red flag as to why there were some serious concerns in Ornge?

Ms. Patricia Li: I think that in terms of the records in the legal services branch—which is not within my purview, so I can't speak to that—and in terms of the records in the emergency health services branch, we do not really have detailed information. And I think that according to the act, there are certain disclosures of personal information that we could not have disclosed.

Mr. Jagmeet Singh: Okay, and in either regard, would you agree with me that this issue was raised by Mr. Hampton in 2010, which was two years ago, and there was nothing done to follow up with Mr. Hampton's request, and this freedom-of-information request was presented to the Ministry of Health and there was no follow-up with regards to why Mr. Mazza's salary was not being disclosed, both to Mr. Hampton's question and the freedom-of-information request?

Mr. Saād Rafi: I've already said that we did not get back to Mr. Hampton. I don't agree that we did not respond to the Freedom of Information and Protection of Privacy Act request. I think you read, I presume faithfully, the response given by the ministry, and it applied the requirements under the legislation to indicate why information could or could not be provided.

Mr. Jagmeet Singh: Thank you.

M^{me} France Gélinas: I want to continue where my colleague just left off, the first one being that we're back in actually March 2010; that's two years ago pretty much to the day. The NDP starts raising a red flag about Ornge. We filed a freedom-of-information request specifically

about the salary of Mr. Mazza that had disappeared from the sunshine list. We got told that there are 19 records found that won't be shared with us, in the legal services branch, and there are 13 records found in emergency health services that won't be shared with us.

1330

Ms. Li, you were the one who signed off. In those 13 records that came from your office, none of them stated the salary of Mr. Mazza?

Ms. Patricia Li: I think that I would just have to repeat my previous answer: Under the freedom-of-information access requirements, there is certain personal information which, under the act, we cannot disclose. So we do respond to the freedom-of-information access requests in that regard.

M^{me} France Gélinas: I realize that you could not share them with us, and I will trust that you made the right decision, but you had access to those 13 records. You saw the salary that Mr. Mazza was being paid, and you did not blink an eye. But when my colleague asked you if the response from the minister—when she saw the number, she thought they were outrageous, and that prompted her to action. When you saw those numbers, what did you do?

Ms. Patricia Li: I think, just for the record, the reason that information, with respect to the 13 records, was not provided is not because I actually saw the numbers. They contained personal information which prohibited me from providing those particular records. But those records do not contain the compensation numbers of the individuals that you were requesting. So I do not have information on the compensation or any numbers related to it.

M^{me} France Gélinas: So we're in 2010; we file a freedom-of-information request asking you for the salary of Mr. Mazza. Your staff goes into the record and says, "We found 13"—

Mrs. Liz Sandals: Point of order, Chair.

The Chair (Mr. Norm Miller): Yes?

Mrs. Liz Sandals: None of us have this document that we're discussing. Would it be possible for you to table it so we can see what you're discussing?

M^{me} France Gélinas: Absolutely. We'll do this after.

The Chair (Mr. Norm Miller): Thank you, France.

M^{me} France Gélinas: We've already read it into the record, though.

Interjections.

M^{me} France Gélinas: If the clerk wants to come and pick it up—

Interjection.

Mr. David Zimmer: No, no. You can't—we've got a witness under oath—

The Chair (Mr. Norm Miller): Excuse me, Mr. Zimmer. We have limited time. We'll endeavour to get it copied.

Mr. David Zimmer: Yeah, we've got limited time, but you've got to be fair to the witness, Chair. They're under oath. This is not—

The Chair (Mr. Norm Miller): Does everyone want a copy of that? We'll have to recess for five minutes to get it.

Mr. David Zimmer: I want a copy of it, and the witness should have a copy of it to see what we're talking about. You know, we're in a different world here when you have witnesses under oath. They're entitled to be treated fairly.

The Chair (Mr. Norm Miller): Okay, we'll take a five-minute recess. We'll copy that and we'll be right back.

The committee recessed from 1332 to 1339.

The Chair (Mr. Norm Miller): If we could get the committee back in order, please.

The NDP have the floor. You have about seven minutes left for questioning, and I'll just say, so we don't have this happening going forward, that if you have documents, you might want to make copies for everybody ahead of time.

1340

M^{me} France Gélinas: Very good. I may have to speak French if I have to speak that fast, but here we go.

I'm back to a document you now have in front of you but that I think you are quite familiar with; you didn't seem uncomfortable answering my question. Basically, we are asking for Chris Mazza's compensation. How come he's not on the sunshine list anymore? Your department undertakes a review and finds 13 records; none of them can be shared with us.

This request was made to you. Those records were shown to you. Yet the minister, when she saw the amounts, reacted. When you saw those amounts, what did you do?

Ms. Patricia Li: First of all, I wanted to just clarify that, under the Public Sector Salary Disclosure Act, the records contain personal information in which the individuals were not paid through Ornge, the not-for-profit organization. I can assure you that those records do not contain any numbers that we subsequently were able to find out in December 2011.

M^{me} France Gélinas: So you agree that the records exist. Would you be willing to share that with this committee?

Interjection.

M^{me} France Gélinas: She says that the record contains information, but that it contains personal information. So she agrees that those 13 records that were not shared with us do exist, because she just made reference to them as to what they contain and what they don't contain. I'd like her to table those records with this committee.

The Chair (Mr. Norm Miller): Minister, did you want to say something?

Hon. Deborah Matthews: I do, actually. I think people have to understand that we did not have access to those salary numbers, because they were employed through the for-profits, which are not captured under the legislation, the broader Public Sector Salary Disclosure Act. So we did not have that information.

It was only when I pushed the chair and the COO and when there was media scrutiny on that question that they finally did release those numbers. We did not have those numbers internally. We did not know what those numbers were until they voluntarily released them following significant pressure from me and from the public, thank you.

M^{me} France Gélinas: With all due respect—I appreciate your intervention—my question is about the 13 records that the emergency health services branch decided not to share with us through freedom of information.

Ms. Li confirmed that she's seen those 13 records. She made reference to what was in them and what was not in them. I'm asking her to table those 13 records with the committee. When could you comply?

Ms. Patricia Li: What we would do is take it under advisement and review the records again. After our review we will consider sharing with the committee.

M^{me} France Gélinas: Okay. The clerk might have a few things to share with you regarding when the committee asks you to share documents, but I don't want to use my time to do this. We'll let you two have a conversation.

I'd like to go back—

Mrs. Liz Sandals: Excuse me, could we have a motion specifying what you're asking for? It's not clear to me from the testimony I've been listening to that the documents that are listed have anything directly to do with Dr. Mazza's salary, which is the—

M^{me} France Gélinas: This is exactly what we're trying to find out. We—

The Chair (Mr. Norm Miller): If we can allow the third party to continue with their questioning.

M^{me} France Gélinas: We filed a freedom-of-information request. We're told that there are 13 records that cannot be shared with us. She confirmed that she's seen those records, because she made reference to what was not in those records; therefore, she's seen them. I'm asking her to share those 13 records with us. I will let the procedures follow due course, but I would ask for those 13 records that are referred to in her response to us, through our freedom of information request, to be shared with this committee so we can decide for ourselves whether those salaries were shared or not.

I'd like to move on before my time goes. So that happens—

Mrs. Liz Sandals: Point of order.

The Chair (Mr. Norm Miller): I don't believe a motion is required, but the clerk does need to know exactly what the third party, Ms. Gélinas, is looking for.

M^{me} France Gélinas: Okay, so read from the documents I just shared: "A search was also conducted in the emergency health services branch and 13 responsive records were found." Those are the 13 responsive records that I want shared with this committee.

Moving on, I want to go back. I've talked about—

The Chair (Mr. Norm Miller): And you have about two minutes left, Ms. Gélinas.

M^{me} France Gélinas: We raised red flags on March 25, 2010—

Mr. David Zimmer: Just a second. The witness gave a qualified answer to that, so I don't want the member opposite or the committee to be under the mistaken impression that—

M^{me} France Gélinas: I think at this point they're quite willing to co-operate with us.

Mr. David Zimmer: Well, the answer was she's going to go back, review the documents and see if those documents are something that she can produce. Is that the answer, as I understand it?

Ms. Patricia Li: Yes.

Mr. David Zimmer: So it's subject to the witness going back, reviewing the documents and making a decision based on advice that the witness will get on whether to produce the documents. So the committee ought not to leave here with the impression that the documents are coming.

M^{me} France Gélinas: I think we have our own Chair, Mr. Zimmer, and he can rule on those things. We held an election and elected—

The Chair (Mr. Norm Miller): So what you're asking for is fine.

M^{me} France Gélinas: Thank you.

So, moving on, that happens on March 25, 2010. The NDP started ringing the alarm bell about what was going on at Ornge. We filed for freedom of access to information. Thirty-two records were found; none of them were shared with us.

Fast-forward, the same year; we're now in November 2010. It's time for estimates, a golden opportunity for us to ask questions. I'm subbed into committee so that Howard Hampton, who knows this file better than I do, comes to estimates. He asked you 46 questions about Ornge. For 20 minutes he drilled the minister—who was brand new at the time; she did the best she could—the deputy minister, who was kind of brand new also, and Mrs. Li—46 questions. For most of them, we got, "We will get back to you later. We don't know the answer to what you're asking, but we will get back to you later." Never was an answer delivered. The clerk wrote a letter to the minister asking for a follow-up to our questions, and yet we got no answers.

It seems to me that from November 2010, when we put on the record 46 questions about the dealings at Ornge, about the salaries, about the corporate structure, about the for-profit, the not-for-profit, everything that this scandal is about—we put questions on the record, 46 of them—to you, and we get zero answers. We get zero answers, zero action, zero reaction.

The Chair (Mr. Norm Miller): Thank you, Ms. Gélinas. It's now time for the government to ask their questions for 20 minutes.

Mrs. Liz Sandals: Yes, first of all, I'd just like to follow up on something that the minister said. She made reference to her reappointment on October 20 and being briefed on the auditor's report on October 27, but committee members are aware that the auditor submitted

his report to the ministry in September. I believe the date—I'll go ahead and ask the deputy.

Mr. Jim McCarter: It was submitted, I think, in late September to the ministry.

Mrs. Liz Sandals: Okay, so this was the first draft of the report.

Mr. Jim McCarter: Yes, basically a draft for factual clearance. Our work papers are not accessible under FOI. It's really a draft to discuss with the ministry.

Mrs. Liz Sandals: Thank you for that clarification, Auditor.

So there's obviously a period here where the ministry has received the report, and there has been some discussion about what should have happened to the report once the ministry received it. If I may, I'll ask the deputy. Deputy, who actually received the report then, at that point, in late September?

Mr. Saād Rafi: I believe it's customary—and the auditor can correct me—but the director responsible, Ms. Klein, wrote to Patricia Li, submitting X number of copies on September 29 with that draft.

Mrs. Liz Sandals: Okay, and what would have happened to the report at that point?

Mr. Saād Rafi: In any circumstances we would, as is mentioned, examine that draft for factual differences, errors or even our differences, in some cases, of emphasis. We're provided an opportunity by the auditor to respond in writing with what changes we want, which are, of course, his to accept or not, and that's what we immediately proceeded to do.

1350

It's also customary to brief me, in this case, on the contents, which took place in early October. We asked for a one-week extension, I believe, to submit our response to the draft. I believe we completed that in the time that we were given.

Mrs. Liz Sandals: So you submitted your response to the auditor about when?

Mr. Saād Rafi: The third week of October, I'm thinking. I see some nodding, so hopefully that's correct. I think that's correct.

Mr. Jim McCarter: We received it on October 20, so it was probably sent a couple of days earlier.

Mr. Saād Rafi: Yeah, so the third week.

Mrs. Liz Sandals: There has been some suggestion that when you got that—as I think those of us around the table are aware, this was during the writ period. There was an election on October 6, 2011. There have been suggestions made in the House that the minister should have been advised of the content of the Auditor General's report. Was the minister advised of the content of the draft report?

Mr. Saād Rafi: No, she was not. That was a function of the rules that we are given during election or writ periods. I exercise my judgment in that regard. If the election was not in place, given that it's a first draft, it would not be customary for, I believe, any ministry to share that draft in that form—because, and I'll use the term, it's in a rough form; it's a first draft—until you get

to a point of understanding where the auditor's office wants to settle on certain elements. Then it's appropriate and, I think, quite customary to involve the minister's office in a briefing and to move forward on responses. Afterwards, when you get the penultimate or the second-last draft, then we have the opportunity to put our responses to those recommendations. There's a bit of discussion on that as well with the auditor's office, in that sometimes our responses tend to be a little bit longer and I think, in some cases, he would prefer them to be a little bit shorter, and there's a back-and-forth on that.

Mrs. Liz Sandals: I wonder if you could comment specifically on the writ period and what your direction is in terms of what information you share with the minister during the writ period—because there seems to be some confusion; clearly, the minister stays in place—and whether the relationship between the minister and the ministry is the normal relationship during the writ period, or whether there are some constraints put on deputies and staff in terms of the way you relate to the minister during the writ period.

Mr. Saād Rafi: Yes. It's both a customary and rules-based approach that says that one has to be very careful about interactions with minister's office staff who might remain in the office and/or the minister. Since all parties have gone through this before, I think a reason the members would understand is that I wouldn't want to be in a position that provides information that a minister would use to some advantage during an election campaign.

In addition, there is guidance provided on urgent or very routine items. Urgent items have a definition, and the interpretation of "urgent" has to do, for me, in light of such elements as there is some matter that is developing. I'll take an example to be a public-health-related issue, perhaps: that we've seen an emergent issue in a particular part of the province with some sort of—I don't want to say "outbreak," but some sort of activity that might be linked.

Mrs. Liz Sandals: So SARS happens again.

Mr. Saād Rafi: Yes. The second piece, I would say, is if it's absolutely an emergency. It's customary to know that the deputy has the opportunity to contact the minister should those types of occurrences take place.

It was my judgment that the first draft of the audit report, considering I was briefed in early October, with the election days away—and not knowing the outcome, obviously, of whether (1) the party is re-elected and (2) the minister is reaffirmed in her role—that this was not something to share. We did share it with her office as soon as possible upon the installation or reaffirmation of the cabinet.

Mrs. Liz Sandals: So, given the protocols that are set out during the writ period for you as a deputy by Cabinet Office, it was your conclusion that it would not be appropriate to share this information with the minister, whoever the minister might be, until there was a new minister reappointed—albeit it happens to ultimately be the same new minister.

Mr. Saad Rafi: Yes, that's correct. Also, the remedies available to us would require the input of the minister, and the remedies, as well, don't change from the first draft to the next draft. I think as the auditor has said, it is a very rough working draft.

In addition to that, there's a heightened sense of confidentiality during a writ period for, especially, audit documents. So there would be all manner of perhaps different interests wanting to see material like this.

Mrs. Liz Sandals: Okay. Thank you very much.

Mr. McKerlie has been valiantly attempting to give his opening remarks. I'll cede a little bit of our time to Mr. McKerlie to make his opening remarks.

Mr. Ron McKerlie: Thank you very much, and thank you to the committee, to the Chair and the members, for the opportunity to be here and to speak about the work that's been done at Ornge, particularly the current changes that are under way.

Let me start by saying that I don't endorse the actions that have been taken by the former leadership at Ornge. What has become quite clear in recent months is, there is a number of things that have happened, and that's the reason for this committee hearing. But I can assure you that I do not support or agree with those decisions, and an incredible amount of work has been undertaken already to begin fixing the problems and moving the organization forward towards a new level of accountability and transparency.

I don't come here to make any excuses or to apologize for the mistakes of the past. I'm here to speak to the promise of the future and to talk about the committed men and women who remain at Ornge for all the right reasons.

Ornge transports more than 19,000 patients per year, and the majority of these transports are north of Sudbury. In fact, nine out of 10 of our highest flight destinations are in northern Ontario—destinations like Kashechewan, Sandy Lake and Attawapiskat, as well as places like Thunder Bay, Timmins, Sault Ste. Marie and Sudbury. Many of the patients we transport are critically ill and injured and need immediate transport to a specialty centre. The medics that I've had the fortune to meet are some of the most committed, dedicated and highly trained health care professionals in Ontario. We have pilots whom I've met who have worked for commercial airlines but now speak of the rewarding experience working for Ornge and flying some of the sickest and most seriously injured patients to hospitals for the care that they both need and deserve.

Next week, we will transition the last helicopter base from Canadian Helicopters Ltd. to Ornge, and I welcome these dedicated pilots and aircraft maintenance engineers who will be joining the organization. A number of these individuals have been part of the air ambulance program for decades, and I and the new board respect the number of years that they've already committed to providing medical transport and air ambulance service to patients in this province.

I joined Ornge on Thursday, January 12, and in a few short months I think we've seen significant progress. For example, the previous board of directors has been replaced with a volunteer board, and we continue to strengthen the executive management team. These two moves are critical to ensuring that Ornge has the right leadership in place to move the organization forward. There's a renewed commitment to putting patients first and to providing the best patient care for the people of Ontario.

We have a renewed commitment to fulfilling our mission, to rebuilding Ornge and to ensuring that it's a vital, dynamic and accountable organization that's well placed to meet today's challenges and those of the future. From our executive changes to changes in our front-line services, change is occurring at every level of the organization.

Among the changes under way at Ornge, we have bankrupted two of the for-profit Ornge entities and have begun the windup of nine additional entities.

The top six executives are gone, including staff who worked at one of our global, for-profit entities, and the former board of directors has been replaced.

We've brought in a transition team to assist with rebuilding the organization, reviewing processes and implementing key changes.

Addressing the Ornge helicopter medical interior issues, we have an interim solution to the medical interior issue certified by Transport Canada, and work is well under way on a longer-term solution.

1400

A new, volunteer board of directors is in place with specialized subcommittees to support the organization during its transition and beyond.

The last of the rotor-wing base transitions happens later this week.

Demand for repayment from Dr. Mazza of his loans has happened, and we've taken steps to protect the interests of Ornge.

We have reorganized the Ornge communications centre.

We have negotiated an amended performance agreement with the Ministry of Health and begun implementing the changes required in reporting and compliance consistent with an increased level of oversight by the ministry.

We have sold non-essential assets, including the Orange County Choppers motorcycle that was in the lobby of our building and we have put two of the AgustaWestland helicopters up for sale.

We have sought voluntary disclosure from employees working for two of the Ornge for-profit companies to coincide with the 2011 disclosure release. We've posted salaries for 20 of those staff who earned more than \$100,000 last year working for one of those for-profit entities, even though disclosure is not required under the public salary disclosure rules.

And these are just a few of the changes under way.

There is another component to Ornge that may seem obvious but that I think can be forgotten in the controversy surrounding this organization. I feel it's important to remind everyone about the dedication and commitment of the staff at Ornge. They work tirelessly to serve sick and injured Ontarians and ensure that they have a reliable, professional and compassionate medical transport service. As you can imagine, the negative attention the organization has faced in recent months has taken its toll on those who work there, and it's only fair to recognize the conditions under which many of our staff have been working. From those on the front-lines to behind the scenes, these few months have been very challenging for each of them.

Paramedics, pilots, aviation maintenance engineers, communications officers and the people who support the work they do have been deeply impacted by the actions of a few. The actions of a few former executives do not and should not reflect on the staff who remain at Ornge.

I have had the opportunity to meet with many staff and to visit a number of the bases around the province. I am continually amazed and inspired by the work that they do. Each of them comes to work to fulfill the mission of providing excellent patient care. In the last year alone, Ornge transported over 19,000 patients and flew over 6.2 million miles.

We have staff located at 12 bases across the province in locations from Toronto, Markham, London, Ottawa, Peterborough, Sudbury, Timmins, Thunder Bay, Kenora, Sioux Lookout and Moosonee. In addition, our standing-agreement carriers cover an additional broad area of the province. The paramedics, pilots, aircraft maintenance engineers and transport medicine physicians who work out of these bases are responsible for flying to some of the busiest urban centres and the most remote and distant corners of this province.

Ornge purchased 10 Pilatus PC-12 Next Generation airplanes and operates them from three fixed-wing bases in Thunder Bay, Timmins and Sioux Lookout. Ornge purchased 12 AgustaWestland AW139 helicopters and operates 10 of them from the rotor bases located in Toronto, London, Sudbury and Ottawa. Ornge continues to operate the Sikorsky S-76 helicopters from the rotor-wing bases in Thunder Bay, Kenora and Moosonee.

Ornge also operates a critical care land program out of Ottawa, Peterborough and Markham. As you would have read in the report, this program will be reviewed with the Ministry of Health in coming months.

We also operate a pediatric transport program, also out of our Markham location. Ornge's pediatric transport teams are comprised of paramedics and nurses trained in pediatric critical care, operating 12 hours a day, seven days a week. Although their primary vehicle is the critical care land ambulance, staff members are trained in all three modes of transport—fixed-wing aircraft, helicopter and land—any of which may be utilized, depending on the location of the patient, anywhere in Ontario.

The work Ornge does throughout this province could not be done without our valued partners in aviation,

including the standing agreement carriers who conduct more than 40% of our air transports for us. These include companies like Air Bravo, Thunder Airlines, SkyCare, Wabusk, Commercial Aviation, Northern Air Solutions, Fort Frances Air, NovaJet, Skycharter, ExpressAir, Air Nunavut and Flightexec.

I must also mention our municipal partners who assist Ornge every day in ensuring our patients and crews receive ground transportation by the emergency medical services when required.

While we operate a land transport program, we are largely known for our air ambulance program. We believe we have an excellent fleet of aircraft. We are committed to the highest possible safety standards.

As you are aware, Ornge purchased a new fleet of helicopters, the AW-139. Introducing a new fleet of helicopters under any circumstances is a challenge. Under these circumstances, it has been extraordinary, and we continue to be under incredible scrutiny.

But I must reiterate that these aircraft are safe. There are 430 AW-139s in service worldwide. Twenty per cent of these are in EMS service, serving countries such as England, Norway, Australia, Italy, Spain and the Far East. Here in Canada, we use them in both Ontario and Alberta. To date, there have been over 70,000 flight hours logged by EMS operators worldwide. Our patients are safe. We have rigorous safety programs in place to ensure we respond to any concerns or possible safety issues as soon as possible.

I'd like to turn to what we're doing in concert with the Ministry of Health to address the previous problems at Ornge.

As you will be aware, the Ministry of Health and Ornge have entered into an amended performance agreement. This agreement sets clear performance indicators and will ensure that there is openness, transparency and accountability in all of Ornge's operations. It will ensure that what happened before doesn't happen again.

The amended performance agreement, ratified last week by the government and Ornge, will give Ontarians better air ambulance care by

- appointing a new patient advocate and publicly posting a complaints process;

- creating a new patient declaration of values;

- conducting annual surveys of staff, and members of the public, regarding their performance, and making this information public;

- improving the reporting of emergency dispatch information by including cancelled and declined air and critical land ambulance calls; and

- creating a quality improvement committee to advise the Ornge board, and publishing an annual quality improvement plan.

The performance agreement also provides taxpayers for more value for money by

- giving the ministry the authority to conduct surprise audits and unannounced inspections;

- linking the compensation of Ornge executives to public performance improvement targets;

—tying Ornge's funding to key performance indicators;

—giving the government control over any changes to Ornge's corporate structure and any sale of assets over a threshold of \$100,000;

—taking tighter control over how Ornge uses government funding;

—giving the ministry the ability to recover funding, based on performance;

—ensuring full compliance with the Broader Public Sector Accountability Act;

—requiring public reporting of expenses and restrictions on meals, travel and hospitality; and

—requiring regular, detailed financial reports from Ornge and creating new financial planning controls.

The Chair (Mr. Norm Miller): You have about two minutes left.

Mr. Ron McKerlie: Thank you.

In addition, the Ministry of Health introduced new legislation that, if passed, will provide a number of issues and protections, including protection for whistle-blowers who disclose information on an investigator, inspector or the government.

I'd like now to address the Auditor General's report and thank him and his team for the work they did last year. I understand the frustration that was faced by them when they were denied access to documents at Ornge. I want to reiterate our commitment to openness and transparency.

We have agreed to proceed on all the recommendations, and we have provided our responses in the report. We'll work with the Ministry of Health to ensure that we implement those changes.

Finally, I'd like to say I'm very proud of every person at Ornge, from the front-line paramedics, pilots and communications officers, to the corporate office staff, who are committed to the highest standards of safety and patient care. We welcome the service reviews of our service providers and the Ornge communications centre.

We've also initiated the review of current quality and patient safety initiatives by the quality-of-care committee of the board, under the supervision of Ornge board member and Sunnybrook president and CEO, Dr. Barry McClellan.

As we indicated in our responses to the auditor, we're committed to acting on all the recommendations, and they serve as a guide to us as we move forward with rebuilding Ornge and restoring trust.

I'd like to summarize my remarks by saying that we're committed to ensuring that taxpayer dollars are used prudently and that Ontarians are provided with an effective, efficient and high-quality medical transport service. These are commitments I take very seriously. I, along with all the employees of Ornge, am committed to delivering air ambulance services to the residents of Ontario at world-class standards.

There's a lot of good work going on at Ornge. It's going to continue. While the past few months have admittedly been challenging, I'm optimistic about the

future of the organization and the positive changes that are under way.

The Chair (Mr. Norm Miller): Thank you, Mr. McKerlie. We now move to the official opposition for questioning. Mrs. Witmer, you have 20 minutes.

1410

Mrs. Elizabeth Witmer: Thank you very much, Mr. Chair.

My question is to the deputy. I think, Deputy, I heard you say something in the nature of, you didn't want to tell the minister about the report that you had received because it was during the writ and you didn't want to give her any special advantage. I'd like you to maybe answer, as well, then, if that was the case and it was during the writ period, did you also advise the minister against—and I stress the word "against"—doing a multi-million dollar announcement during the writ when she announced, in her riding, new hospital money?

Mr. Saād Rafi: I was not consulted on that, so I did not give advice on that.

Mrs. Elizabeth Witmer: Thank you very much.

Hon. Deborah Matthews: I would like to speak to that, if I might, though.

Mrs. Elizabeth Witmer: Do you know what? I'm just going to continue with the deputy right now.

I guess what I would like to know from you, Deputy: Could you table with us the guidelines that you were acting under during the writ that helped you make the decision that you shouldn't inform the minister about the Ornge initial report?

Mr. Saād Rafi: I'm pretty certain I can, yes.

Mrs. Elizabeth Witmer: I would certainly appreciate that. Thank you very much.

Mr. Frank Klees: Mr. Chair?

The Chair (Mr. Norm Miller): Mr. Klees?

Mr. Frank Klees: I would like to address a couple of issues in this round. I'd like to go back to the deputy on this issue that Ms. Witmer just discussed with him. I am really quite concerned about this concept that something as important as the information that was contained in the Auditor General's report on Ornge—that somehow the deputy would think that by apprising the minister of this and engaging her support and taking some action on that, that would be an advantage. Can you explain that to me?

Mr. Saād Rafi: I guess what I was trying to say was that I have no idea how something like that could be used—whether a different outcome would cause a different response. I exercise judgment against the rules and the conventions that I'm familiar with. That was what I based my decision on in terms of the criteria that I outlined in the previous question.

So the issue is perhaps less about whether that is used for advantage, but rather, did I feel it was appropriate to provide an early draft of an audit report during an election period. I determined it was not.

Mr. Frank Klees: And what action did you take in response to that draft?

Mr. Saād Rafi: What action we took was to, first, do a fact-check of the draft, prepare our response to the

Auditor General's office—that went from Patricia Li—on several items of both fact and emphasis, if you will—intonation, perhaps. As I mentioned earlier, that it's up to the purview of the auditor to accept those. His office accepted some—I dare say, many—but not all. We also prepare our draft responses to the recommendations, to the best of our ability. It's understood that they are to be draft because we have another opportunity, at the second-last version of the report, to confirm those responses.

In addition to that, we continued to analyze what our remedies were and what solutions we had against not only the findings but against the tools available to us, as well as the performance agreement and how it was structured.

Mr. Frank Klees: Was there anything in that draft report that caused you to react, as saying, “We have to act with urgency on this particular matter”? Was there anything at all that concerned you?

Mr. Saâd Rafi: I will address that by—if I could just supplement my last response with one thing I forgot, if you don't mind, please, and that is, during this time, the three weeks that we are given to respond to the first draft, I think Ornge was continuing to debate and provide feedback to the auditor's office, and I believe they took another three weeks to respond. So the report really is not out of its first-draft stage, as far as we're aware, for some time.

Yes, there were aspects in that report that were actually quite surprising to us, because it was information we were not able to access nor was provided by Ornge. Some of the things that we saw in the auditor's report we did not get from Ornge.

Again, I think one has to look at context and timing as well. It's easy to sit today and say, “You could have done A, B and C.” But actually, the assessment that we took was that we had an organization that was not prepared to open its performance agreement. We had an organization that was not prepared to provide information to us. In fact, I think the auditor has said that he didn't even get all the information that he was asking for. So we had an organization that was not compliant with the ability we had at that point to get them to take action.

We could not remove their board; we didn't appoint their board. This is a contract we have with them. We could have ceased funding, but as I said earlier, I think that that would have been somewhat irresponsible to affect, potentially, patient care.

Mr. Frank Klees: Thank you, Deputy. I respectfully disagree with—yes, I understand the explanation. But with all due respect, when you see a report that contains the kind of information that the Auditor General brought forward, that clearly affects patient care, to allow yourself to be restricted within the framework of how you report or the number of weeks that you have to report, I can just tell you that I think that's indicative of a systemic problem within the bureaucracy. I would think that something that deals with practical issues, such as patient care—which, as deputy, you would have immediately taken action on and said, “Look, we can't

allow these things to happen. We can't risk one life, if this continues to be allowed.”

Nevertheless, I want to move on to another issue.

Mr. Saâd Rafi: Chair, may I respond to that? Because I think the statement that's made is suggesting that I've turned a blind eye to patient care. I'm not sure where in the auditor's report there's an indication that one life was at risk.

Mr. Frank Klees: Really? Have you read it?

Mr. Saâd Rafi: Indeed, I have.

Mr. Frank Klees: Well let's talk about the dispatch issues. Let's talk—

Mr. Saâd Rafi: Yes, indeed.

Mr. Frank Klees: You don't think that by a dispatch being delayed or being cancelled because of staffing issues, that that doesn't put a life at risk?

Mr. Saâd Rafi: There is not an indication—

Mr. Frank Klees: We have a very different perspective on this.

Mr. Saâd Rafi: Pardon me. There is not an indication in that report that a life was put at risk. We exercise—

Mr. Frank Klees: You know, I would think with your experience, sir, that you could read between the lines.

The Chair (Mr. Norm Miller): Let the deputy respond, please.

Mr. Frank Klees: Well, I can just tell you, I—

Mr. Saâd Rafi: I'm not in the business of reading between the lines. What I'm trying to do is to take the information that we've garnered and exercise our judgment against the performance agreement.

We sat down, we looked at that report and we examined the performance agreement. We changed our practices to unannounced visits—reviews, inspections. We asked the Ministry of Natural Resources to go in and do a review of the aircraft. We also examined that report. If there was an indication—and the auditor points out that the dispatch approach needs to be examined. It doesn't say, in my reading of it, that patient safety was put at risk. I think we would have reacted, based on the performance agreement, in that way.

I appreciate that you—

Mr. Frank Klees: Fair enough. I think that explains a whole lot of things, quite frankly.

Deputy, were you the deputy in April 2008?

Mr. Saâd Rafi: No.

Mr. Frank Klees: Who was?

Mr. Saâd Rafi: I don't know. I can't remember off the top of my head.

Mr. Frank Klees: I'd like to refer to a letter that was sent to—actually, it was sent to the then Ontario Minister of Health Promotion, Margaret Best. I think the minister is familiar with this letter. It was sent by a Mr. Keith Walmsley, who was working at Ornge at the time. He wanted to reach out to the Ministry of Health. I'm just going to read from his letter: “I found out that a second set of books were maintained in November of 2007”—

Mrs. Liz Sandals: Point of order: Could we have—

Mr. Frank Klees: Yeah, I'll have this for you.

Mrs. Liz Sandals: Now.

Mr. Frank Klees: I don't want to lose my time. I will read it into the record.

The Chair (Mr. Norm Miller): Mr. Klees, we need to recess for five minutes to get a copy of that.

The committee recessed from 1423 to 1428.

The Chair (Mr. Norm Miller): So the opposition has two minutes left. Go ahead, Mr. Klees.

Mr. Frank Klees: Mr. Chair, I would like members of the committee to read these two letters, and I'll take a follow-up opportunity to expand on them.

What I want to do now that the deputy is back is refer him to page 38 of the Auditor's report, where he says, "However, we found that Ornge internally reported 20 'significant patient adverse events' in 2009-10 to its board of directors, including some that involved patient deaths. (Ornge defines a 'significant patient adverse event' as a critical or major occurrence that results in serious, undesirable, or unexpected patient outcomes with potential to negatively affect a patient's health and quality of life.)" And if that isn't a reference to patient safety, I don't know what is.

I think, Chair, this incident actually reaffirms why we need a select committee of the Legislature to deal with these issues. That would enable us to bring people forward who are front-line paramedics and pilots and dispatchers who could in fact help us to read between the lines. The auditor has been very effective at giving us factual information about the operational challenges and issues at Ornge. We need the front-line people to tell us what the implication of that failed dispatch system is and what we need to do to fix it. Thank you.

The Chair (Mr. Norm Miller): Thank you very much, Mr. Klees. Now on to the third party.

Mr. Jagmeet Singh: I'm going to begin with Ms. Li. A question I'd raise with you—or I guess I could begin with all three. Minister, Mr. Rafi and Ms. Li, would you agree with me that the issue of the for-profit string of companies and their organization would raise some concerns in your mind with respect to the proper governance or the proper use of resources at Ornge?

Hon. Deborah Matthews: I think that with the benefit of hindsight, the answer is yes. I think at the time, when clear assurances were given that no public money would be used, that money would actually flow into the air ambulance service serving Ontario patients, and given the assurances that there were no conflicts of interest—we actually support the idea of taking Ontario-grown expertise and selling it to a global market. We have several Ontario innovations for which there is a global market, so the idea that we could take our air ambulance expertise and sell it internationally was an advantage. Of course, in hindsight, we would have looked at it very differently.

Mr. Jagmeet Singh: Okay. And then specifically, I guess, instead of giving you a vague question, let me ask more specifically to Mr. Rafi and Ms. Li. Ornge Air, would you agree with me that the governance of Ornge Air, which was a subsidiary company connected and related to Ornge—that its for-profit operations would

give some concerns with respect to the way Ornge was operating?

Mr. Saād Rafi: I would say it's very similar to the minister's response. In that time there was also, some months earlier, an express statement of exporting health care services by the government at the time. In addition to that, we don't have, because of those attestations and assurances—promises given—and we don't, through the performance agreement, have a line of sight into that organization.

But what we spent our time doing was looking at our core responsibility, which is how are patient activities being undertaken, be that response times, be that patient safety. We've heard from the auditor that we need to do a better job on response times and our performance indicators, and we're trying to respond to that.

Mr. Jagmeet Singh: Okay, I understand. Ms. Li, my question coming back to you then, is that Ornge Air—would you agree with me, whether or not Ornge Air was being run as a for-profit entity or whether it was being run as a not-for-profit entity, that knowing one way or the other would be quite important to you in part of your duty as overseeing Ornge and Ornge affiliates? Would you agree with me?

Ms. Patricia Li: I just want to answer that one. From my responsibility as managing the program and the air ambulance services that are contracted under the performance agreement, I think that what was given to us as information and assurances is that Ornge Air is providing air ambulance services, the services that we contracted for in the performance agreement, and there's no reason for me to determine their business directions about whether the entity is set up—we are only looking at it at the operational level, from a program oversight, from an operational level, from a service level.

Mr. Jagmeet Singh: Would it benefit you in any way to know whether it was a profit-driven model or a not-for-profit-driven model? Would that benefit you in your ability to oversee the way that Ontario money is being spent?

Ms. Patricia Li: It was not communicated to me as a for-profit model or a not-for-profit at the time. It was only communicated to me that the Ornge Air ambulance is providing ambulance services.

Mr. Jagmeet Singh: So because Ornge Air is providing the ambulance services, would it benefit your ability to oversee it if you knew whether or not it was for profit or not for profit?

Ms. Patricia Li: I think it was stated by the deputy and the minister that in hindsight, had we had all the complete information, it probably would be more beneficial.

Mr. Jagmeet Singh: Okay, that's fair. Now, in hindsight, actually—conveniently—Howard Hampton, on November 17, 2010, asked the question to you, Ms. Li. He said, "All right. Can I ask you, then: There's another entity called Air Ornge, or Ornge Air. Now, what is Ornge Air?" Ms. Li, you answered, "My understanding is that Ornge Air is an affiliate organization under Ornge

that actually provides the operations, the air ambulance,” as you’ve indicated today. Mr. Hampton then asked you, “But my understanding is that Ornge Air is a profit-driven corporation,” and Ms. Li, you indicated, “I have to look into that.” There’s an interjection, “We’ll look into that,” and finally, Ms. Li, you indicate, “Yes, I will follow up.”

Ms. Li, did you follow up to find out what Ornge Air’s model was, whether or not it was a for-profit or not-for-profit entity back on November 17, 2010?

Ms. Patricia Li: I did follow up on that question, and I think that our process is to gather the information from Ornge, the organization.

Mr. Jagmeet Singh: And so what exactly did you do to follow up? And was there a letter or any correspondence sent to the committee at that time, which was the estimates committee, or was there a letter sent to Mr. Hampton?

Hon. Deborah Matthews: If I could interject for just a moment here—

Mr. Jagmeet Singh: My apologies, Minister. I would love to hear from you at some point, but this question is very directed to Ms. Li, because the question was to Ms. Li. She was the one who responded by saying that she would follow up to Mr. Hampton, so I would like to hear from Ms. Li, if she—

Hon. Deborah Matthews: I think, as minister, I’ve got some information here that I think you’d be interested in.

Mr. Jagmeet Singh: I would love to hear from you, but I’d like to hear an answer from Ms. Li first. My apologies, Minister, but I’d love to hear an answer from Ms. Li. Did you follow up with Mr. Hampton? Did you follow up by letter? By phone call? Did you follow up with the committee?

Ms. Patricia Li: I did not follow up with Mr. Hampton. I just—

Interjection.

Ms. Patricia Li: It appears the ministry has not done that particular process.

Mr. Jagmeet Singh: Okay. Is there a reason why you did not follow up with something that you indicated that you would follow up on with Mr. Hampton or with the committee?

Mr. Saād Rafi: I think that’s a situation where the ministry has not submitted the responses; they were just submitted today. That’s regrettable, but it was not provided.

Mr. Jagmeet Singh: Okay.

Minister, you had something you were going to respond to with respect to this.

Hon. Deborah Matthews: Thank you very much. Yes, in fact, I have a letter here. It’s dated December 15, 2010. It’s from Ornge. It’s to your leader. It does outline very clearly answers to the questions about Ornge being—the structure, and answers to questions that were raised. So you did have the information that came from Ornge, which clearly outlined the for-profit structure, the establishment of for-profit organizations. It did answer, I

think, many of the questions that were raised. That was dated December 15, 2010.

Mr. Jagmeet Singh: Thank you.

Just one more question. So just to ask you this question—if you agree with this comment or not; I don’t mind either way. It’s to all three: Minister, Mr. Rafi, Ms. Li. Would you agree with me that, in terms of oversight, which is a part of your obligations, there was a responsibility to oversee Ornge both fiscally, patient-safety-wise, as well as the business transactions that were occurring in a quasi-public, non-profit organization? Do you agree with those three categories of oversight?

Hon. Deborah Matthews: Within the context of the performance agreement, yes.

Mr. Jagmeet Singh: Mr. Rafi, do you agree with those three categories?

Mr. Saād Rafi: Then and today, if we had the knowledge that there would be a set of organizations set up that would be for-profit and that there allegedly might be private interests being undertaken at the expense of public interests, which is what the amended performance agreement, what the legislation and what the board and new CEO are trying to rectify, then it would have been highly advantageous for us to have foreseen, in advance, in 2005, that a performance agreement should govern a far more broad set of activities. We didn’t then.

Mr. Jagmeet Singh: Okay. My question, then, is—

Interjection.

Mr. Jagmeet Singh: Thank you very much. My question, then, is, were any requests made, from the time, Minister, you became the minister, until this scandal erupted—before the scandal erupted—were any requests made with respect to salary disclosures that were made in the form of writing, and that were denied, before the scandal erupted? Were there any financial reports or accounting or expenses that were requested and denied, and what was the form? Was there any patient care information requested? And, finally, was there any audit conducted or requested before the scandal erupted regarding the helicopters or the aircraft?

Hon. Deborah Matthews: I will pass this to the deputy.

Mr. Saād Rafi: I’m not aware of them, but my tenure is not that long. We would have to go back into our records, because I think, if you could give me a time frame that you’re interested in, then we’ll have to go back into our records to determine the answer.

Mr. Jagmeet Singh: Certainly. Just in fairness to you, when were you a deputy minister?

Mr. Saād Rafi: February 2010 to the present.

The Chair (Mr. Norm Miller): France, go ahead.

1440

M^{me} France Gélinas: Before I continue on the line of questioning of my colleague, two quick questions for you, Mr. McKelvie. The first one is that on page 3 of the document you presented to us that you read into the record, you said, “Among the changes under way at Ornge”—the first change is, you had “bankrupted two of the for-profit Ornge entities and begun the windup of

nine other entities.” Would you be good enough to share with us who those entities were and their relationship to Ornge, either right now, or table them with the clerk?

Mr. Ron McKerlie: Sure; I certainly can do that. Just let me get to the names of them, because there are many similar-sounding companies.

The two we bankrupted were called Global GP Inc. and Global Holdings LP.

M^{me} France Gélinas: Okay.

Mr. Ron McKerlie: On February 2, both of those two companies were petitioned into bankruptcy. That petitioning was uncontested. On February 12, a bankruptcy trustee was put in place. They continue, to this day, the process of liquidating assets, paying off creditors and winding down the organizations.

M^{me} France Gélinas: Very good. If you could table a full report of this, I would appreciate it—with the names of the nine other entities that are being wound down and their relationship with Ornge.

Mr. Ron McKerlie: Would you like that now or would you like it tabled later?

M^{me} France Gélinas: Tabled later would be sufficient.

The next point that you made was that you “demanded repayment from Dr. Mazza of his loans” and took “steps to protect the interests of Ornge.” You demanded repayment from Dr. Mazza of loans. Do you know the size of the loans you’re asking for repayment on?

Mr. Ron McKerlie: Yes. There was one made out of Ornge the not-for-profit for \$500,000. The trustee is dealing with two additional loans: one for \$450,000 and one for \$250,000.

M^{me} France Gélinas: Okay. When you demanded repayment of Dr. Mazza, how did you communicate with him?

Mr. Ron McKerlie: We sent a formal letter of demand to Dr. Mazza’s lawyer.

M^{me} France Gélinas: Could you share those demands with us, including who his lawyer is?

Mr. Ron McKerlie: I don’t have that information with me.

M^{me} France Gélinas: But will you share it with us?

Mr. Ron McKerlie: I will seek legal advice as to whether I can share it with you, yes.

M^{me} France Gélinas: Try your best. We would really appreciate, at this point in the game, as much transparency and as much goodwill and co-operation as can be mustered.

Mr. Ron McKerlie: I can assure you, I always try my best.

M^{me} France Gélinas: Sounds good. All right. Coming back to what my colleague was talking about, we’ve established that the request for freedom of information, the first time we raised red flags, was in March 2010: two years ago, almost to the day. We got a response on June 2. Then we went back with a series of questions at estimates in the fall of that year—that’s almost a year and a half ago—asking a series of questions. Our questions were all targeted at how much Mr. Mazza was doing;

what the for-profit entities that he had created were; what their role was; what their relationship was: the basic ingredients of this scandal we’re left talking about and that our auditor put out in his report.

Deputy, the question goes to you: When the clerk put out the questions that still were left unanswered, those questions were put to you, as to: “There is a list of questions from estimates that have not been answered. All of those questions regarding Ornge are in this document, and you agree that those were the outstanding questions.” All three parties agreed that those were the outstanding questions. We received answers to all of the questions that had been asked during health estimates that needed further work, but we did not receive a single answer on a series of questions that everybody had agreed were outstanding regarding Ornge.

Try to give me anything I could hold on to that would make me believe in the process. How could it be that everything else was answered in writing in due time, but the questions about Ornge got singled out and went missing? “The dog ate my homework” is not going to cut it.

Mr. Saād Rafi: I don’t have a dog—

M^{me} France Gélinas: Good.

Mr. Saād Rafi: —but if I did, I certainly wouldn’t feed him my homework.

I just want to make sure I understood your question, Madame Gélinas. Are you saying that it’s your understanding that the ministry responded to all the questions from the November 2010 estimates except the questions on Ornge?

M^{me} France Gélinas: I received a document that outlined all the outstanding questions from this series of estimates. We all agreed together that those were the outstanding questions.

The Chair (Mr. Norm Miller): You have about a minute left.

M^{me} France Gélinas: Out of those, we received answers. The part that is missing is that we did not receive any answers on the outstanding questions about Ornge. That’s the question.

Mr. Saād Rafi: Well, I think that what is clear is that, one, the ministry has not followed its own procedures.

Secondly, unfortunately, answers were not provided not just to the Ornge questions, but answers were not provided to other questions. Not only was it not even in a timely manner, but they just have not been provided, and they were provided very late before this session. That’s something we have to look into, and that’s something I regret.

But I just want to make the distinction that our lack of following procedures was not just somehow isolating the Ornge questions.

The Chair (Mr. Norm Miller): Thank you. We’ll move to the government—

M^{me} France Gélinas: Mr. Chair, I received, as of seconds ago, answers to the estimates questions of 2010. I received them seconds ago.

The Chair (Mr. Norm Miller): Do you want to share those with the committee?

M^{me} France Gélinas: I'm more than willing to share them with anybody. I have not read them, so I kind of want to make sure that once I have read them, I have an opportunity for questions.

The Chair (Mr. Norm Miller): Okay, at a future meeting.

Mrs. Liz Sandals: And could we have a copy of them too, please?

The Chair (Mr. Norm Miller): The government: Ms. Sandals.

Mrs. Liz Sandals: I wanted to think about the legislation, because there have been a number of questions about the corporate restructuring that's going on since Mr. McKerlie arrived at Ornge. The legislation that the minister tabled has some things that are fairly self-evident in it, like investigation and supervision powers commensurate with the Hospitals Act and whistle-blower protection. But when I get into corporate law, not being a lawyer, my eyes glaze over.

In section 3 of the act, there are clauses which seem to be related to the Corporations Act that talk about certain continuing bodies and civil, criminal and administrative litigation and continuing processes and things. I'm wondering if we could get the layman's Coles notes about what that section of the legislation means, Deputy.

Mr. Saäd Rafi: Okay, certainly. Ornge continues to be a Canada Corporations Act corporation in the not-for-profit realm. There's a need for clauses in the Ambulance Act for what's called continuance. It's my understanding that in order to export out of a Canadian legislative environment into a provincial legislative environment, the department in the federal government that will have to determine whether that's possible, when Ornge makes an application to do so—I understand that the board has agreed to proceed that way. The federal government will look to see, are there similar elements in their legislation in a provincial piece of legislation? There are, but that provincial piece of legislation is not yet proclaimed.

So, in order for Ornge to be imported into provincial legislative authority and exported out of federal legislative authority—the not-for-profit component of the Canada Corporations Act or a separate piece of legislation—we need these clauses to be passed, if the Legislature chooses to do so, in that legislation.

If that doesn't happen, there are several elements that will not be possible for us to have—the government and the ministry to have—powers over Ornge as a corporation, because they'll continue to be governed under the Canada Corporations Act. That means that legislative authority on things outside the standards and regulations of the Ambulance Act will not be possible through a provincial piece of legislation. I hope that doesn't confuse people.

1450

Mrs. Liz Sandals: So for us to get full control over Ornge and to complete the transition which Mr. McKerlie is going through and to get Ornge regularized as a

provincial corporation over which we have full control, we need this particular section of the legislation?

Mr. Saäd Rafi: I don't mean to correct you, but in order to have legislative authority over Ornge as an entity, we need this continuance piece so we can import Ornge's current status into provincial status.

The already-mutually-amended performance agreement provides some control provisions, as you probably know, that could be instituted because they have had agreement of the board. But the legislation provides the ability for the minister to issue directives, to appoint a supervisor—a special investigator—and to require the establishment of a whistle-blower policy. Some of those elements, such as directives, I believe—sorry, the whistle-blower piece—could still go forward without the continuance.

Mrs. Liz Sandals: Okay. And there's a couple of clauses here which talk about an existing cause of action, claim or liability—to prosecution being continued; civil, criminal, administrative, investigative or other action or proceedings being continued.

And again, somebody who can put it in lay language, corporate—like, have we got a lawyer here? In order for us to take any prosecution or litigation against the bodies that are being wound down, we need to have this legislation in effect to move things over, as it were.

Mr. Saäd Rafi: Sorry, I'm just checking. I want to make sure I get the—

Mrs. Liz Sandals: Yes, I understand that, because I'm asking questions that—

Mr. Saäd Rafi: Sorry, I'm going off memory now. I think that section refers to—any right someone had against that corporation as a Canadian corporation would still have rights against the corporation as a provincial corporation. So we're trying to demonstrate that this isn't trying to take away a supplier's right to bring action against that corporation. It would still continue. So the same provisions—and that's part of the continuance provisions: to demonstrate to the federal government, who's responsible for the Canadian Corporations Act, that we have a mirror set of legislative provisions to import them into.

Mrs. Liz Sandals: So in order to complete the work of regularizing Ornge, it's really important then that we have this legislation in place in order to complete the corporate restructuring. Is that correct?

Mr. Saäd Rafi: Yes, but in addition, I would say that not only is that necessary, but it speaks to remedies prior to these actions being, in this case, put before the Legislature. There was no legislative authority over that corporate entity, the private corporate entity. The previous performance agreement—not the amended one—did not contemplate the ability to take out this organization, if you will, with notice, except for three years' notice. That notice, even if it were to be given, was obviously too long of a lead time.

Mrs. Liz Sandals: Okay, thank you. I think that's helpful for us, because when we come to debate this in the Legislature, that's the part of the legislation which is

very difficult, for those of us who are not lawyers, to appreciate what's being done here. So I think it's important for us to understand that there is some urgency with the legislation in terms of Mr. McKerlie being able to complete his work.

Is that correct, Mr. McKerlie? I see you nodding your head.

Mr. Ron McKerlie: That's our understanding, and we're moving forward to move from a corporation incorporated under the Canadian Corporations Act to one under the Ontario Business Corporations Act.

Mrs. Liz Sandals: So you need this to complete your work then?

Mr. Ron McKerlie: Well, I think, more importantly, that the ministry needs it to make sure that they can impose their will on us at some future time.

Mrs. Liz Sandals: Okay. Thank you very much, and I think we're beginning to see bells ringing. So if I could, Mr. Chair, at the end of the subcommittee meeting that we had the other day, I had indicated that there were some additional witnesses that the government would like to call, and the subcommittee was not amenable to that. So, just to give notice of motion, I do have a motion here to support calling additional members.

The Chair (Mr. Norm Miller): That's fine. We won't deal with that today. I've also had members—it's

obvious that we're going to need some more time. I've had Ms. Gélinas express a need for more time, Mr. Barrett has as well, with some of the presenters today. So it's something I would leave for the subcommittee to look at, to decide at a future meeting if we might have the deputy minister and some of his staff and perhaps Mr. McKerlie back to the committee.

Mrs. Liz Sandals: Sorry, who was that you were suggesting come back?

The Chair (Mr. Norm Miller): Well, some of the presenters that were here today, including the deputy minister and Mr. McKerlie and Ms. Li—

Interjection.

The Chair (Mr. Norm Miller): We can deal with that at subcommittee, Mrs. Sandals.

Mrs. Liz Sandals: Could we just clarify then that for next week you're going—

The Chair (Mr. Norm Miller): We're going to stick with the schedule that we have is the plan, so that we don't disrupt that, but at some future meeting you may be invited back here. But I would like to thank all the presenters for coming forward. Thank you, Minister and deputy minister.

The start time for next week is 9 a.m. on Wednesday. Thank you very much, committee.

The committee adjourned at 1500.

CONTENTS

Wednesday 28 March 2012

Special report, Auditor General: Ornge air ambulance and related services.....	P-25
Ministry of Health and Long-Term Care; Ornge	P-25
Hon. Deborah Matthews	
Mr. Saäd Rafi	
Mr. Ron McKerlie	
Ms. Patricia Li	

STANDING COMMITTEE ON PUBLIC ACCOUNTS

Chair / Président

Mr. Norm Miller (Parry Sound–Muskoka PC)

Vice-Chair / Vice-Président

Mr. Toby Barrett (Haldimand–Norfolk PC)

Mr. Toby Barrett (Haldimand–Norfolk PC)

M^{me} France Gélinas (Nickel Belt ND)

Mr. Phil McNeely (Ottawa–Orléans L)

Mr. Norm Miller (Parry Sound–Muskoka PC)

Mr. Reza Moridi (Richmond Hill L)

Mr. Jerry J. Ouellette (Oshawa PC)

Mrs. Liz Sandals (Guelph L)

Mr. Jagmeet Singh (Bramalea–Gore–Malton ND)

Mr. David Zimmer (Willowdale L)

Substitutions / Membres remplaçants

Mr. Frank Klees (Newmarket–Aurora PC)

Also taking part / Autres participants et participantes

Mr. Jim McCarter, Auditor General

Mr. Jerry J. Ouellette (Oshawa PC)

Mrs. Elizabeth Witmer (Kitchener–Waterloo PC)

Clerk / Greffier

Mr. William Short

Staff / Personnel

Mr. Ray McLellan, research officer,
Legislative Research Service

26N
201
P72



P-5

P-5

ISSN 1180-4327

Legislative Assembly of Ontario

First Session, 40th Parliament

Assemblée législative de l'Ontario

Première session, 40^e législature

Official Report of Debates (Hansard)

Wednesday 4 April 2012

Journal des débats (Hansard)

Mercredi 4 avril 2012

Standing Committee on Public Accounts

Special report, Auditor General:
Ornge Air Ambulance and
Related Services

Comité permanent des comptes publics

Rapport spécial, vérificateur
général : Services d'ambulance
aérienne et services connexes
d'Ornge

Chair: Norm Miller
Clerk: William Short

Président : Norm Miller
Greffier : William Short

Hansard on the Internet

Hansard and other documents of the Legislative Assembly can be on your personal computer within hours after each sitting. The address is:

Le Journal des débats sur Internet

L'adresse pour faire paraître sur votre ordinateur personnel le Journal et d'autres documents de l'Assemblée législative en quelques heures seulement après la séance est :

<http://www.ontla.on.ca/>

Index inquiries

Reference to a cumulative index of previous issues may be obtained by calling the Hansard Reporting Service indexing staff at 416-325-7410 or 325-3708.

Renseignements sur l'index

Adressez vos questions portant sur des numéros précédents du Journal des débats au personnel de l'index, qui vous fourniront des références aux pages dans l'index cumulatif, en composant le 416-325-7410 ou le 325-3708.

Hansard Reporting and Interpretation Services
Room 500, West Wing, Legislative Building
111 Wellesley Street West, Queen's Park
Toronto ON M7A 1A2
Telephone 416-325-7400; fax 416-325-7430
Published by the Legislative Assembly of Ontario



Service du Journal des débats et d'interprétation
Salle 500, aile ouest, Édifice du Parlement
111, rue Wellesley ouest, Queen's Park
Toronto ON M7A 1A2
Téléphone, 416-325-7400; télécopieur, 416-325-7430
Publié par l'Assemblée législative de l'Ontario

LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
PUBLIC ACCOUNTSCOMITÉ PERMANENT DES
COMPTES PUBLICS

Wednesday 4 April 2012

Mercredi 4 avril 2012

The committee met at 0846 in room 151.

SUBCOMMITTEE REPORTS

The Chair (Mr. Norm Miller): I'd like to call this meeting to order. The first order of business—first of all, I'd like to introduce Catherine Beagan Flood, who's sitting beside me here. She's legal counsel for the committee.

Also, there is a fair amount of information that you'll find before you, and I don't know whether, Will, you would like to—

Interjection.

The Chair (Mr. Norm Miller): Okay, we'll do the subcommittee reports first and then Will will just point out what you have—the pile of paper—before you.

Liz, did you want to move one of the two subcommittee reports?

Mrs. Liz Sandals: Yes. I'll start with the first one, which is dated Thursday, March 29.

Your subcommittee met on Thursday, March 29, 2012, to consider the method of proceeding on the 2012 special report of the Office of the Auditor General on Ornge Air Ambulance and Related Services, and recommends the following:

(1) That witnesses be scheduled in 30-minute time slots on Wednesday, April 4, 2012.

(2) That the Honourable Michael Gravelle, Minister of Natural Resources, be removed from the witness list.

(3) That the committee clerk contact the Deputy Minister of Education to let the ministry know they will no longer be scheduled for Wednesday, April 25.

(4) That the committee clerk, in consultation with the Chair, be authorized prior to the adoption of the report of the subcommittee to commence making any preliminary arrangements necessary to facilitate the committee's proceedings.

I'll stop here, and then we'll vote on this and then deal with the other one.

The Chair (Mr. Norm Miller): Okay. All in favour? Carried.

And the April 3?

Mrs. Liz Sandals: Okay. The second report:

Your subcommittee met on Tuesday, April 3, 2012, to consider the method of proceeding on the 2012 special report of the Office of the Auditor General on Ornge Air

Ambulance and Related Services, and recommends the following:

(1) That a letter be sent to all witnesses outlining the procedures, powers, privileges and witness protections afforded to those who may appear before the public accounts committee.

(2) That legal counsel be present at all hearings on the 2012 special report of the Office of the Auditor General on Ornge Air Ambulance and Related Services.

(3) That legal counsel provides advice as may be required by the Standing Committee on Public Accounts.

(4) That legal counsel distribute a letter to the Standing Committee on Public Accounts listing the potential areas where they could be of assistance during the hearings.

(5) That the committee clerk, in consultation with the Chair, be authorized prior to the adoption of the report of the subcommittee to commence making any preliminary arrangements necessary to facilitate the committee's proceedings.

The Chair (Mr. Norm Miller): All in favour?

Mr. David Zimmer: Chair, Chair.

The Chair (Mr. Norm Miller): Yes.

Mr. David Zimmer: I want to speak to item number 3 on the subcommittee report before we vote on it.

The Chair (Mr. Norm Miller): Okay. Go ahead.

Mr. David Zimmer: Before we begin, Chair, I wonder if you might introduce the committee's counsel. Some of us have not met her yet.

The Chair (Mr. Norm Miller): Were you not here at the beginning of the meeting?

Mr. David Zimmer: I guess I was down the hall.

The Chair (Mr. Norm Miller): This is Catherine Beagan Flood, who is counsel for the committee.

Mr. David Zimmer: Thank you.

I do want to speak for a few minutes, not on—

The Chair (Mr. Norm Miller): The only thing I'd say before you start, Mr. Zimmer, is that I could have you speak but I'd like to keep things on schedule as well for the benefit of those that are here before us.

Mr. David Zimmer: I don't expect I'll be more than five minutes.

Let me say at the outset that I'm not going to speak to any substantive issues before the committee, that is, substantive issue as to what went on or didn't go on in the Ornge scenario. I do want to speak to—and I particularly want to address my remarks to the inquiries counsel

and I do want to speak then about matters of the processes of this committee, and in particular counsel's role at this committee.

Let me start my remarks—and I won't be more than five minutes. This inquiry raises very, very complex legal issues, issues surrounding what went on or didn't go on at Ornge. It raises complex legal issues because some witnesses before the committee, non-MPPs, are under oath. There is a parallel criminal investigation being conducted by the OPP. We have no knowledge of what's going on in that investigation or indeed where that's going to take us or who they're speaking to or not speaking to. I expect, in all probability, the likelihood of some complicated civil proceeding litigations that may, when this is all over, flow out of what went on or didn't go on at Ornge. So my questions and the issues that I want to raise are substantial about the process, in particular counsel's role.

In my view, the role of counsel is to advise the committee, give it counsel's best possible advice on an independent, non-partisan basis. Counsel, in my view, advises the Chair, takes questions from the Chair, offers guidance when asked and when not asked of the Chair and of the clerk of the committee, and indeed is available to all members of the committee, be they Liberal, Conservative or NDP, in how they can fulfill their duties and responsibilities.

Of particular concern are matters that may come before this inquiry and how those matters, depending on what this committee does with them or does not do with them, affect or may affect proceedings in the independent criminal investigation, potential civil proceedings dealing with the complex issues that we're dealing with here. So I have these questions that I'd just like to raise with counsel, about four or five of them, and perhaps she can assist us with them, or the Chair or the clerk.

I think we have to clearly understand, as members of this committee, the clerk and the Chair, the role of counsel and counsel's mandate. I can tell you that, as I understand it—and correct me if I'm wrong, Chair, or Mr. Clerk or Madam Counsel—you've been recently retained—that's what I'm advised—in the last few days or a week or so. Is that correct?

The Chair (Mr. Norm Miller): That's correct. And the counsel has met with the subcommittee and the counsel has provided information, which you have before you, on how she thinks she can assist. But I think many of the points you make are the reason that we have retained counsel.

Mr. David Zimmer: All right. So this issue came up about counsel's role and how counsel would fulfil that role in two previous inquiries before standing committees. One was the inquiry of August 1994, the Standing Committee on the Legislative Assembly, and the members of the committee there—MPPs Callahan, Chiarelli, Hansen, Harnick, Johnson, Marchese, Mathysen, Murphy, Waininger and Sutherland. Lisa Freedman was the clerk of the committee.

Now here's the important point: There were two counsels to the committee, Eleanore Cronk at Fasken and Calvin as senior counsel, and junior counsel William Hourigan, also at the same firm. As you know, counsel Eleanore Cronk was a distinguished lawyer who went on and now sits on the Ontario Court of Appeal.

In that inquiry—

Mr. Frank Klees: Chair, if the member could get to the point, we have witnesses here. We have business to conduct. You haven't made a point yet, and it has been 10 minutes.

Mr. David Zimmer: I appreciate that, Chair, but the role of counsel and what this committee has to do—we've got to get it right, because if we get it wrong, there are independent criminal investigations out there. There is complex civil litigation I expect to be pending, and what we do here, if we don't get it right, may compromise the independent criminal investigation and the work of the civil proceedings. So the investment of five or 10 minutes to ensure that we get it right is the right way to proceed.

In the two previous inquiries, they spent several days sorting out the role of counsel. I've got the transcripts here. I've asked the clerk to distribute the transcripts. You can see what then counsel Eleanore Cronk, now justice of the Court of Appeal, advised the committee as to what she thought the role of committee counsel was.

Similarly, with respect to the inquiry that was done by the Standing Committee on the Legislative Assembly dealing with Shelley Martel, there were another two distinguished counsels on that committee: Patricia Jackson at Tory, Tory, and Larry Taman, who went on to a distinguished role in government, as counsel of that committee.

He spent several pages—and they spent several half days, I think, of the subcommittee—sorting out what the role of counsel was to the committee. I think it's very, very important that counsel have the benefit of at least reviewing—and I've distributed the pages; there are four or five pages, I think—of that discussion of that counsel's thoughts on how the committee should receive the advice of counsel.

And I say that—

Mr. Frank Klees: Chair, we've had this discussion. If the member thought this was so important, he should have brought this to our attention days ago when he had the opportunity to do so. None of us have an opportunity to review anything that you're bringing forward here today before we hear from witnesses. I'm suggesting to you, Mr. Zimmer, that what you're trying to do is simply rag the puck. We have witnesses here. We need to get to the business of what we're here to do. Table the information and we'll read it.

Mr. David Zimmer: I agree. We're here to get—

Mrs. Liz Sandals: Point of order.

The Chair (Mr. Norm Miller): Yes, Ms. Sandals.

Mrs. Liz Sandals: I did bring this information to the subcommittee yesterday and the subcommittee didn't want to discuss it any further, which is why we have a

very vague clause number (3) in the committee report. So I'm sorry, but the process is, when we have a committee report where there's one clause under contention, this is our only opportunity to discuss it.

Mr. Frank Klees: We know full well what's going on here.

Mr. David Zimmer: Mr. Klees, in anticipation of your objection, I've done the research—

Mr. Frank Klees: You anticipated my objection?

Mr. David Zimmer: Yes, so I did the research last night. I've got about six questions that I distilled from the two transcripts of the two previous inquiries where those very, very distinguished counsels recognized the dangers of not getting this right.

We have people who are coming here under oath. They're entitled to be treated fairly, to protect their rights. Inquiry members, whether they're on the opposition side or this side, are entitled to know what advice they can call on from counsel and the like.

0900

For a 10-minute investment, Mr. Klees, to get it right, how would you like it if we messed this up and later on, in a court proceeding, either civilly or criminally, there were rulings that because certain things were said or done or permitted to inquire here at this level, it jeopardized those proceedings? So let me just give you these—

The Chair (Mr. Norm Miller): Please get to the point, Mr. Zimmer.

Mr. Frank Klees: Chair, he's been at it for 15 minutes now.

Mr. David Zimmer: Well, if you stopped interrupting me, I could get through it, Mr. Klees.

Interjections.

The Chair (Mr. Norm Miller): Mr. Klees, please let him make his point. I think this is important. Make your point, please.

Mr. David Zimmer: Thank you, Chair.

This is a distillation of what you will find in here, Madam Counsel. To what extent have you been briefed on the subject matters of these hearings? There are hundreds of millions of dollars at stake here, complex corporate reorganizations. I'd expect that you've at least seen the corporate structure of Ornge and all of that. Most counsels preparing for a complex hearing like this do need time to really adequately and sufficiently prepare so they can deal with matters as they come before this committee from witnesses, the Chair, the clerk or committee members.

The other counsels spent some time sorting out their role as independent counsel. Is it your role to determine whether witnesses are able to bring counsel with them to these hearings, and if so, what the role of a witness's counsel would be? Has thought been given to that? A lot of attention was paid to that in the transcripts. Have you made a determination, at this point, as to the rights of witnesses to attend with counsel and what role counsel can play?

Another question that came up: Considering that this committee has determined that all witnesses will be

required to swear an oath, what's your view and what's your advice on determining at the outset whether, in fact, the witnesses have right to counsel, whether they should be advised of their right to counsel? What priority and how would counsel go about protecting the rights of witnesses if they appear here without counsel?

A number of our committee members have indicated the OPP investigation has to be the highest priority. Have you had an opportunity to assess, with the OPP, what the scope of their investigation is and how you will deal with matters should the OPP in its criminal investigation raise an issue that we ought not to go in that area or we should go in that area because it may jeopardize what they're doing?

Is your role as committee counsel to advise members of the appropriateness of their questions, having regard to the scope of the OPP investigation and the likelihood of civil proceedings subsequent to this hearing? Have you made a determination as to what types of questions members should avoid—avoid—asking witnesses to not jeopardize the OPP investigation and likely civil proceedings?

Lastly, there's going to be a large number of documents and a lot of testimony that amounts to matters that may or may not be subject to privilege or are protected by freedom of information. Is it your role to advise committee members as to how they should proceed in that regard?

So at first blush, it seems like just a relatively simple inquiry. We're going to be here; we're going to ask some questions of Ornge. But there are enormous consequences, as I've laid out, and I think I want to ask counsel—I want to be assured that counsel has essentially had adequate time to prepare in detail for her role in this committee and that she has had adequate time and can provide answers for those questions I've asked about how she will advise participants in this hearing.

I raise these questions both as an MPP and I raise these questions as an officer of the court, because I'm a barrister and a solicitor, and I have an obligation to speak to these matters both at that level as a counsel and as an officer of the court, as obviously you do, counsel.

The Chair (Mr. Norm Miller): Thank you for that, Mr. Zimmer. I'll ask our counsel—obviously you just gave many, many questions—whether she wants to respond a bit to it. But I would think that if she wants more time, you having just given all those questions, we can consider taking a recess as well. Do you want to respond, Cathy?

Ms. Catherine Beagan Flood: Yes, absolutely.

Mr. David Zimmer: And I've asked my questions all in the best sense of the word and in the interests of having a properly conducted hearing. Thank you.

Ms. Catherine Beagan Flood: Thank you, and I appreciate those questions. I think that you'll find there is a solicitor-client privilege memorandum that has been distributed to all members of the committee that addresses some of the questions that you've asked. There's also a letter that has been provided to witnesses, includ-

ing witnesses scheduled for today, which also answers a number of the questions that you've asked.

To address the other matters, what I would recommend is that I provide to the committee another solicitor-client privilege memorandum to address the few additional issues that have come up in your questions today, or the committee could recess. But certainly, we've already addressed a number of the issues you have, and in light of the meetings that I've previously had with the Chair and with the subcommittee—

Mr. David Zimmer: May I ask, those issues that I've raised are not specious.

Ms. Catherine Beagan Flood: I'm sorry?

Mr. David Zimmer: The issues that I've raised are not specious issues.

Ms. Catherine Beagan Flood: I'm not suggesting that they're specious issues; simply, many of these matters have been addressed already in the memorandum that's provided by the committee. I am a bit concerned about giving privileged advice in public.

Mr. David Zimmer: Ah. Well, that raises things. So maybe we should have this discussion in camera. I ask—
Interjection.

Mr. David Zimmer: Well, we have counsel here to seek counsel's advice. That's why the committee has retained counsel.

The Chair (Mr. Norm Miller): Okay. We'll take a five-minute recess to discuss this.

The committee recessed from 0907 to 0915.

The Chair (Mr. Norm Miller): Okay. Could I ask the committee to decide on the subcommittee report, to adopt that, and then, immediately after, we shall go into closed session to further discuss the points raised by Mr. Zimmer.

Mrs. Liz Sandals: Just to make sure I understand what we're agreeing to, we'll agree to the subcommittee report that has item (3) in it, but then we will—

The Chair (Mr. Norm Miller): Go into closed session to address—

Mrs. Liz Sandals: —which is sort of a vague item (3), or would it be better if we recessed, discussed what we need to discuss and then possibly come up with—I guess what I'm looking for is, where is the outcome in terms of ability to flesh out number (3)?

Interjection.

The Chair (Mr. Norm Miller): Yes, okay. So that is another option. We could do it that way.

Mrs. Liz Sandals: I think I would prefer that, because that gives us the option of fleshing out number (3) so that we have terms of reference when we come back from the in camera session.

The Chair (Mr. Norm Miller): So can we please decide on the subcommittee report minus point (3) then, please?

Mrs. Liz Sandals: Yes, that would be quite acceptable.

The Chair (Mr. Norm Miller): Yes, Mr. Klees?

Mr. Frank Klees: Mr. Chair, I just want to—

Mr. David Zimmer: With the proviso—

Mr. Frank Klees: No. Mr. Zimmer—

Mrs. Liz Sandals: Mr. Klees has the floor.

Mr. Frank Klees: Mr. Chair, it's very obvious what's going on here. You know, Mr. Zimmer came late to this meeting. There was information—

Mr. David Zimmer: One minute. The clock was wrong.

Mr. Frank Klees: No—8:30.

Mr. David Zimmer: The clock was running nine minutes late.

Mr. Frank Klees: Mr. Zimmer, I let you speak.

Mr. David Zimmer: That's a silly argument. The clock was running nine minutes late.

The Chair (Mr. Norm Miller): Mr. Zimmer, please let Mr. Klees speak.

Mr. Frank Klees: Mr. Zimmer, there was information at our desks that addressed most of the issues that you addressed in your delay tactic.

What is going on here, Mr. Chair, is precisely the reason that we called for a select committee of the Legislature, where the appropriate framework could be worked out, where the terms of reference could be worked out, where all of the issues that Mr. Zimmer addressed could have been worked out before we got into this situation.

We said from the very beginning that the public accounts committee is not the forum to review and to investigate the matters before us. It was the government, and Mr. Zimmer himself, in debate on the select committee, that made the point that this is all we need. Now he comes here and he delays the hearing. We have witnesses here who have come, who are prepared, have taken time out of their busy schedules to be here, and Mr. Zimmer shows up here to make the very arguments that we made in the Legislature as to why we need a select committee of the Legislature.

This is an insult to the people who are here, and what I'd ask Mr. Zimmer to do is to go back in the recess and tell his Premier that what is needed is a select committee. We're certainly prepared, Mr. Chair, to move that we defer these witnesses who have come here to a select committee so that we can get on and do this appropriately. But in the meantime, this is something that is an offence to this committee, and, Mr. Chair, I would ask you to see through what Mr. Zimmer is doing and ensure that we can get on with the business of this committee.

The Chair (Mr. Norm Miller): Thank you for your point.

France?

M^{me} France Gélinas: I have been on public accounts for a little while, and we've had contentious issues come before public accounts—you'll all remember eHealth—and we were able to continue to work together because we wanted to go to the bottom of this. Mr. Zimmer was there, Mrs Sandals was there, during those discussions.

This sudden change of tactic is really unpleasant. It's not productive and it's like—I understand they want to change the channel to something else than talking about Ornge. I guess they don't want to talk about Ornge, but this is what we're here to do.

They have, many, many times in the House, talked about the power of the public accounts committee, and most of this power comes from the fact that we all work together so that the good work of our auditor, of getting value for money, actually pans out to getting value for money for the people of Ontario. And, all of a sudden, to have this taken off on a tangent of legalese talk is not serving this committee well. It is certainly not serving the witnesses who have come. I am ready to ask those witnesses questions. I have no fear that any of the questions that I will be asking those people will run me or any of you into trouble. I say that we move ahead with what we had intended to do this morning. If we need more clarification as to how we will use our legal counsel, we can get back together next week during recess and have an in-depth briefing with our lawyer.

0920

The people who are here today have been given their responsibility as to what being under oath means. The rest of it, to me, is business as usual. I will be asking the same questions of those witnesses that I have been asking every witness who has come to public accounts before. To sidetrack us, to recess, to make us basically not do our work is counterproductive to what we are here to do. We are here for the people of Ontario. We're here to make sure that they get value for money. There are people here today who have information that will help make light and will make sure we get value for money for the people of Ontario. This entire circus disgusts me.

The Chair (Mr. Norm Miller): Thank you, France. Liz.

Mrs. Liz Sandals: First of all, let me make it perfectly clear that there is nothing I would like to do more than to hear from Mr. Smitherman. I am absolutely delighted to hear from my friend Mr. Smitherman. But there are two precedents in recent memory for a committee hiring legal counsel. This is very unusual. In fact, it's got nothing to do with select committees. The Gigantes inquiry was a standing committee. The Martel inquiry was a standing committee. It's got nothing to do with whether it's a standing committee or a select committee.

When you look at what happened in those previous cases, the subcommittee took the time to work out in more detail exactly what the role of counsel is. The subcommittee then made recommendations to the full committee which had the role of counsel fleshed out.

We're just making it up as we're going along. I did suggest yesterday that, in fairness to the witnesses that were scheduled this morning, we should ask them to come back in a couple of weeks or to rearrange the schedule or something, because I didn't want this to happen. When the other two parties said, "No, we don't want to discuss the role of counsel in advance in detail," you leave us no option but to bring it to the floor of the committee. I would have been perfectly happy to work through this yesterday or to do a formal deferral of the witnesses, but it seems to me very strange that, when we're dealing with a report of the auditor where everybody seems to be in agreement that one of the issues is,

"Was the performance agreement thought out well enough in advance?" and now we're doing the terms of reference for a new enterprise, "Were they thought out well enough in advance?"—we're doing exactly the same thing here. We're going down a new road; we need to think out the terms of reference of legal counsel because it matters.

I have never, ever, been on a standing committee where the witnesses were sworn and where the committee had counsel. That changes the game. We need to sort out what the rules are and what the role of counsel is. I would note that yes, this appeared on our desk this morning, but from the point of view of the witness, the witness didn't get to read it until he was going out the door this morning and opened his email.

So, in fairness to the witnesses, we're also disadvantage the witnesses if they don't have a chance to look at the implications of being sworn in advance. I totally support the suggestion of the Chair that we go in camera and sort it out.

The Chair (Mr. Norm Miller): Mr. Barrett.

Mr. Toby Barrett: I have a motion that is before members of the committee. I wish to have this motion considered before we go forward with our witnesses.

The Chair (Mr. Norm Miller): We have business, obviously. We'll get to that, but at this point we're still discussing point (3) of the subcommittee report.

Mr. Toby Barrett: Certainly. Thank you, Chair.

The Chair (Mr. Norm Miller): Mr. Zimmer.

Mr. David Zimmer: Just to pick up on something that NDP member France Gélinas said: Look, the public accounts committee is in fact the place to do this exercise. But for the public accounts committee—and this is the thrust of my submission—given all of the complexities that we have to deal with, what we have to do is get the ground rules right about how we go about this inquiry.

One of the essential elements of those ground rules is counsel's role. For instance, has counsel had a chance to read in detail, consider in detail, the close-to-200-page performance agreement, which is going to be essential to this thing? In the transcript from the Gigantes inquiry, there are 14 single-spaced pages of advice and decisions about how inquiry counsel Eleanor Cronk was going to proceed, and similarly in the Martel thing. I think that it behooves all of us to take the benefit of that advice, go in camera, sort out the ground rules and then proceed so we can really dig into this in a fair way, without jeopardizing the inquiries.

The Chair (Mr. Norm Miller): Jagmeet.

Mr. Jagmeet Singh: Thank you, Mr. Chair. With respect to the role of counsel, it's very confusing or disturbing to me that if we didn't have counsel here today, if we hadn't hired counsel, we would've gone on with our inquiry, asked the questions, as we did on the first day of this committee when we had witnesses, and proceeded as normal. The addition of having counsel, who is—I think it should be very, very clear. Counsel has one role and one role only: to assist this committee in

finding the truth. The committee's purpose is to search for the truth, to uncover what happened and to assess value for the money that was put out by the taxpayers. That's it. There's no complexity to that. We are here to find the truth. That's of paramount concern. As a secondary concern, counsel can advise us if an issue arises, and then that's the purpose of it.

To suggest that having counsel will delay the truth-searching concept of this committee—it's very disturbing and very concerning that Mr. Zimmer would raise that issue. There is no issue here. We have witnesses; we'll hear from them. If a legal issue arises, we have counsel; we can ask questions of her. That's it. There's nothing more complicated than that. The notion that having counsel would delay this hearing is so counterproductive and so contrary to common sense, it defies belief. I don't understand that at all.

Mr. David Zimmer: On the contrary, we want counsel—

The Chair (Mr. Norm Miller): Mr. Klees.

Mr. Frank Klees: Mr. Chair, I think we all see what's happening here. I would like to make a motion that we dismiss counsel. We don't need counsel. What we need to do is get to the truth and move on, and I would like to make a formal motion that we dismiss counsel and that we retain her for the select committee when the government agrees to strike that. That is my motion.

The Chair (Mr. Norm Miller): We would need that in writing, Mr. Klees.

Mr. Frank Klees: I'll put it in writing.

Interjection.

The Chair (Mr. Norm Miller): If you get that to the clerk, then we'll recess and print that and vote on it.

A ten-minute recess.

The committee recessed from 0928 to 0952.

The Chair (Mr. Norm Miller): Okay, so the first order of business, then, now that we're back in session, is if we could get the subcommittee report, minus point (3)—

Mr. David Zimmer: Sorry, I can't hear.

The Chair (Mr. Norm Miller): —the subcommittee report, minus point number (3), approved by the committee. We would then go to debate on the motion put forward by Mr. Klees.

M^{me} France Gélinas: So moved.

The Chair (Mr. Norm Miller): All in agreement? Agreed. That's the subcommittee report, minus number (3), approved.

Okay. Now we have—Mr. Klees, if you want to move your motion.

Mr. Frank Klees: Yes, Mr. Chair, I move—

Mrs. Liz Sandals: Point of order, Chair: There are four motions that are on our order paper for today. How does this one get precedence? If it's not an amendment to the subcommittee report, how does it get precedence?

The Chair (Mr. Norm Miller): This directly affects our proceedings right now. The others do not.

Mrs. Liz Sandals: Okay.

The Chair (Mr. Norm Miller): Go ahead, Mr. Klees.

Mr. Frank Klees: Mr. Chair, I move that the Standing Committee on Public Accounts direct the clerk of the committee to dismiss legal counsel retained to provide advice to the committee, given that the committee is being unnecessarily delayed through concerns raised relating to the role of counsel. The committee is fully aware of its responsibilities and believes it is in the public interest to proceed with its scheduled business.

The Chair (Mr. Norm Miller): Comments?

Mr. Jagmeet Singh: I wanted to second the motion.

The Chair (Mr. Norm Miller): Okay.

And just for all the TV cameras in the room, if you could please keep the cameras off the desks and not be filming any of the materials on the desks, please, we'd appreciate it.

Sorry, so you second the motion?

Mr. Jagmeet Singh: I want to second the motion.

The Chair (Mr. Norm Miller): That's not required.

Mr. Jagmeet Singh: Okay. I can provide some commentary, then.

The Chair (Mr. Norm Miller): Yes, please do.

Mr. Jagmeet Singh: Mr. Chair—

The Chair (Mr. Norm Miller): Sorry, Jagmeet. Frank, did you want to go first on this?

Mr. Frank Klees: If you don't mind.

Mr. Jagmeet Singh: No, not at all.

The Chair (Mr. Norm Miller): Go ahead.

Mr. Frank Klees: Mr. Chair, first, I want to thank Ms. Flood for the work that she has done so far for this committee. I appreciated the helpful memorandum. I certainly will be prepared to recommend Ms. Flood's services for the select committee when the government finally decides to get around to respecting the will of the Legislature with regard to that committee.

The motion before us is straightforward. It respects the fact that members of this committee are fully aware of their responsibilities not only as members of this committee in terms of how to conduct its business but also the sensitive nature of the issue before us.

There isn't a member of this committee who does not have extensive experience as a legislator in the various committees of this government, who does not understand the importance of respecting the parameters we discussed at length, not only leading up to this committee hearing, but also it was discussed in the subcommittee. We have witnesses here who have been called, who are ready to give us the information based on our questioning. I know that every member of this committee will in fact ensure that their questions respect the parameters of this committee and will respect the sensitivity.

My point with this motion is very simply to let Mr. Zimmer and the government members know that we see through what has happened here this morning. There was an opportunity for Mr. Zimmer to raise this informally with committee members. Had he been sincere in his words as he expressed them this morning—there was ample time to have this discussion, to bring the information forward that he tabled with us at the last minute here today. There was no reason to delay the proceedings. We

could have had as many hours of consultation with legal counsel as we felt necessary.

It was very obvious that the government members don't want to have the discussion about Ornge. They don't want us to get on with getting the information from witnesses. Quite frankly, I believe that it is in the public interest for this committee, which has been struck for the purpose of reviewing the Auditor General's report as it relates with Ornge, to get on with its business. To do anything less, I believe, is quite frankly obstructing the work of this committee.

It's for that reason I brought that motion forward. I trust that members—members of the government side as well, who may not have been in on the play that Mr. Zimmer brought to this committee this morning, because I saw some surprised looks over there as well. This is an independent committee. It should not be a partisan forum. This is not about protecting anyone in this government; it's about getting to the truth. That's what this motion gives us an opportunity to do, and I ask members to support it. Thank you.

The Chair (Mr. Norm Miller): Jagmeet?

Mr. Jagmeet Singh: Thank you, Mr. Chair. I think we all agree that the spirit of this committee is to uncover the truth. We're here to question the witnesses who are here in attendance and the witnesses who will come in the future. Again, no disrespect to counsel, but if retaining counsel somehow presents an obstacle to getting to the truth, if having counsel being retained somehow limits our ability or delays our ability to hear from witnesses, then it's not in the spirit of this committee. We need to continue what this committee is here to do—continue its work. No disrespect to counsel, but if the presence of counsel is going to be used to delay or to slow down this process, then it's not in the spirit of this committee. That's why I support this motion.

With respect to witness protection, witness protection has been well covered in law. We know that there's whistle-blower protection that already exists. It has been well established by the Supreme Court of Canada. O'Brien and Bosc clearly indicate that witnesses who testify in committee are given immunity. That's something that's also protected by the Charter of Rights and Freedoms. That's already established. The law is very clear on that; we don't need any further clarification on that issue.

In terms of witnesses who are giving oaths, that's something that this committee has done numerous times. All throughout eHealth, there was testimony that was provided, that there was no—

Mrs. Liz Sandals: There was no oath, though.

Mr. Jagmeet Singh: I would respect it if I was not interrupted. You'll have your time to indicate what you want to indicate afterwards.

If there is someone who has provided evidence before this committee—it has happened during eHealth. There was no counsel present at that point in time. To request people to tell the truth is something that's very sensible; it's very obvious. They're testifying before a committee

made up of members of Parliament. It would be very understandable for those who are testifying to be under an oath, to promise to tell the truth. We would ask no less of anyone. We assume that members will be telling the truth, and that's why we don't require them to give an oath.

It's my further submission that with respect to any criminal proceedings, there is no way that evidence that is adduced here would affect any criminal proceedings. They are going to go on as they go on. They will continue as they continue. What evidence is adduced here from the Minister of Health previously and from members of Ornge—their evidence will be kept protected by the whistle-blower protection, and that will not limit whatever the OPP is investigating. They can continue their investigation.

1000

To suggest that we should end our discussion here, we should limit our discussion here, simply because we're afraid of any limitation on any criminal proceedings—we can continue with our discussion here, uncover the truth, do what we're here to do, and let the other investigation continue as it will.

My submission is, in conclusion, that we need to continue our work, and if that means dismissing counsel to continue our work, we should do so, so that the work of this committee can continue.

The Chair (Mr. Norm Miller): Mr. Zimmer.

Mr. David Zimmer: Thank you, Chair. Look: Let me put the issue in very simple language. This committee ought not to fly by the seat of its pants when there's an ongoing, parallel criminal investigation, number one.

Number two: For Mr. Singh to make the statement, which just stunned me, that evidence given under oath at this committee can't be obtained and used to cross-examine witnesses and so on in other proceedings is wrong. I expect you must have skipped the evidence class.

Number three, to have another issue here, which is sort of hanging over—I'd be interested to get counsel's remarks on this. We've got two tiers of witnesses here. We've got civilian witnesses, non-MPP witnesses, who come and give evidence, and they're compelled to give it under oath, and all of the restrictions and parameters and so forth apply to what they can say and what they can't say, etc., etc. Counsel will understand that. Then we have the MPP witnesses, who are not under oath, who are treated differently and have a different set of parameters.

All I ask is that somebody—counsel, committee clerk, Chair—carefully consider those transcripts—the Gigantes and the Martel transcripts—and let us not proceed by the seat of our pants.

I want to ensure—and I'm speaking against Mr. Klees's motion. We do need committee counsel. We need the best possible committee counsel. We've got a distinguished counsel from a very, very distinguished law firm; she knows her stuff. But let's make sure that we get the ground rules straight so that we preserve the integrity of this committee's findings, whatever they may be, and we preserve them in such a way that they don't un-

wittingly jeopardize other proceedings which may arise out of the criminal proceedings. Thank you.

The Chair (Mr. Norm Miller): Liz?

Mrs. Liz Sandals: Yes, thank you. I certainly support what Mr. Zimmer has said, but I think it is important to understand that the idea of hiring counsel was actually not an idea that came from any particular party. It was the clerk's suggestion that we hire counsel. The subcommittee met and we all agreed that that would be worthwhile because of the fact that this is unlike things that we have done in previous memory.

eHealth was mentioned. At the time we did the eHealth inquiry, there was not an ongoing criminal investigation. The witnesses were not sworn. This is the first time in my experience as an MPP that we have ever sworn the witnesses at a committee. When we did the Select Committee on Mental Health and Addictions, we certainly weren't swearing witnesses. So it isn't that select committee and counsel are one thing and standing committee isn't.

This is different from a situation we have ever been in before, and my concern is—and I raised it yesterday—that we need to sort out the role of counsel. We have never, within my term here—so that's over eight years—had a counsel at committee and have never talked about what we want the role to be. The terms of reference, I suspect, are somewhat different than we might have had in the past, and we need to sort it out, because in the possible roles of counsel is the issue of pre-screening questions from committee. I can't imagine Mr. Klees wants his questions pre-screened, so in my—you're looking very surprised, Mr. Klees. We need to sort out what's the role of counsel, which is what I was saying yesterday when the subcommittee first had an opportunity to do this. I suggested we needed to deal with what's the role of counsel.

We are spending way more time discussing whether or not we should have a discussion than actually getting on with the discussion. We could actually facilitate getting to the witnesses if we would just have a discussion about what is the role of counsel.

So I will move an amendment to the motion that is on the floor, and the amendment is "and that the decision to dismiss counsel to the committee not be determined until the committee receives an in camera briefing from counsel with respect to the potential role of counsel."

The Chair (Mr. Norm Miller): Are you comfortable with that, or would you like a copy of the amendment? Members, are you comfortable with the verbal—

Mr. Frank Klees: I am, quite frankly, very comfortable with having a vote on that right away as part of—we'll vote on the amendment, and then we'll vote on the motion.

Mrs. Liz Sandals: And speaking to the amendment.

The Chair (Mr. Norm Miller): Yes. Can you restate the amendment, please, as well?

Mrs. Liz Sandals: "And that the decision to dismiss counsel to the committee not be determined until the committee receives an in camera briefing from counsel

with respect to"—I have to read my own writing here—"the potential role of counsel."

So what continues to concern me is that, in the subcommittee meeting, there was a list of possibilities that was presented to us. I asked yesterday that we go through those potential roles and determine in detail what it is that the potential role of counsel is. It seems to me that to start the hearings—I understand we already did a day with the deputy and the ADM and the minister, which was like our conventional public accounts hearing. But we're moving into a different realm where we've got external witnesses who are being sworn in. We really do need to determine where we expect counsel to step in, what her role is, if any, in advance. We need to sort it out, not at some case-by-case on-the-fly basis where we're going to be coloured by who the witness is. We need to have a neutral, non-witness influence discussion about what is the role of counsel.

That's all I'm asking for, that we have the discussion. We've wasted all morning thinking about whether or not we can discuss the discussion.

Mr. Frank Klees: Who's wasting time now?

The Chair (Mr. Norm Miller): Okay. Are you finished?

Mr. Ouellette—Jerry.

Mr. Jerry J. Ouellette: Thank you very much, Mr. Chair. You know, having been a member of this committee for almost five years and chaired many committees—and some of them were very controversial in the past—and sat through other aspects such as eHealth, we didn't have legal advice at that time nor did we have legal advice during the first presenters of this committee.

I do have concern regarding a precedent being set that any controversial issues found within the Legislature can be delayed by enacting actions such as OPP investigations for further actions of this committee. I believe, quite frankly, that one of two things is occurring: Either there is a lack of belief in the ability of the counsel that has been presented before us, in that they do not have the capacity to advise us with the correct movement forward, or it should have taken place already; or the full intent is to delay the committee's actions and recess this committee until such time as the OPP have completed a complete investigation.

I don't believe that it is moving forward in the best interests of this committee, and I think that we should move forward with the question that has been presented before us, Mr. Chair.

The Chair (Mr. Norm Miller): Mr. Zimmer.

Mr. David Zimmer: To the amendment: Of course, the other reason to give counsel a chance to do her work and brief us and find out what her view of things is, number one, so that counsel can fulfill her obligations to the committee and its witnesses that appear before it, and—and I say this with the greatest of respect—so that counsel can fulfill her professional obligations as a lawyer and an officer of the court and so on. I want to make sure that the counsel has every opportunity to

digest and familiarize herself with this very, very complex matter.

The Chair (Mr. Norm Miller): France?

M^{me} France Gélinas: I'd like to call the question on the amendment and call the vote.

The Chair (Mr. Norm Miller): Any further debate?

Mrs. Liz Sandals: Recorded vote.

Ayes

McNeely, Moridi, Sandals, Zimmer.

Nays

Barrett, Gélinas, Klees, Singh.

The Chair (Mr. Norm Miller): It being a tie vote, I will vote against the amendment.

Now I call the same question on the actual motion. All in favour? All opposed?

Once again, I will vote against the motion, the reason being that the full committee has already decided the matter of agreeing to hire legal counsel. So I'm maintaining the status quo of the committee.

The committee has already decided to have the hearings go on as well. I would suggest that we go into closed session so that we can decide the parameters of the legal counsel, so that we can continue with the work of the committee.

Mr. Toby Barrett: Chair, I do have a motion. When is the appropriate time this morning to present this motion?

The Chair (Mr. Norm Miller): We can come out of closed session at the end to look at your motion. Now we will go into closed session, so we will need to clear the room.

The committee continued in closed session from 1011 to 1230.

The Chair (Mr. Norm Miller): If I can call the meeting to order: First of all, I'd like to point out that there has been a change in the agenda for this afternoon for the witnesses that will be coming before the committee. We had an empty slot at 1 o'clock, so George Smitherman has offered to come back and present at 1 o'clock. Also, the chair of the board of Ornge is going to be presenting at 2 o'clock instead of Mr. Barry McLellan, board member, who is going to be called at a later date.

At this point, we have point (3) to do with legal counsel. Ms. Sandals.

Mrs. Liz Sandals: Yes, and just to note that we have sorted out the details of this in camera. I am pleased to move that legal counsel provide advice as may be required by the Standing Committee on Public Accounts.

The Chair (Mr. Norm Miller): Is there agreement on that? All in agreement? All agreed? Carried.

SPECIAL REPORT, AUDITOR GENERAL: ORNGE AIR AMBULANCE AND RELATED SERVICES

MINISTRY OF ECONOMIC DEVELOPMENT AND INNOVATION

The Chair (Mr. Norm Miller): Our first presenter this afternoon is going to be from the Ministry of Economic Development and Innovation: Wendy Tilford, Deputy Minister. Are you present?

Did you want to be affirmed, Ms. Tilford?

Ms. Wendy Tilford: Sworn.

The Chair (Mr. Norm Miller): Sworn. Okay. Welcome to the committee.

The Clerk of the Committee (Mr. William Short): Ms. Tilford, do you solemnly swear that the evidence you shall give to this committee touching the subject of the present inquiry shall be the truth, the whole truth and nothing but the truth, so help you God?

Ms. Wendy Tilford: Yes.

The Clerk of the Committee (Mr. William Short): Thank you.

The Chair (Mr. Norm Miller): I was reminded by legal counsel that you did receive the "Witnesses Appearing before Standing Committee on Public Accounts" information binder?

Ms. Wendy Tilford: Yes, I did. Thank you.

The Chair (Mr. Norm Miller): We have half an hour in total, so that will mean there are five minutes for a presentation and then there will be eight minutes split amongst the three different parties for questioning. So, please, go ahead.

Ms. Wendy Tilford: Good afternoon to the Chair and to the committee members. I'm Wendy Tilford. I'm Deputy Minister of Economic Development and Innovation. I was appointed to that position in December 2011 when the Ministries of Research and Innovation and Economic Development and Trade were merged. Prior to that, I was Deputy Minister of Economic Development and Trade. I was appointed to that position in February 2010.

The mandate of our ministry is jobs and the economy. We support the domestic and international growth of Ontario companies. We provide programs and services to foster innovation and we promote Ontario as the best choice for foreign direct investment.

I have no involvement with respect to the creation of Ornge, its structure or the delivery of its mandate. However, since the Ministry of Economic Development and Trade had some interaction with Ornge with respect to a 2011 trade mission, I thought the committee would appreciate some background on this.

The ministry—sometimes with partners, sometimes on its own—hosts about 60 trade missions annually. We have found it to be a very good method to introduce Ontario companies to new market opportunities.

In 2010, the ministry was considering, in partnership with the Canadian-Arab Business Council, a trade mission to focus on the growing health care market in the

Middle East. Ontario is home to many innovative health care companies that could benefit from expanding markets. The mission took place from January 26 to February 2, 2011.

As with all trade missions, we promote the trip to as many Ontario companies as possible in the sector. There were 20 organizations on this mission, and Ornge was one of those companies. Ornge was represented by Lisa Kirbie, the director of regulatory affairs, and Paul Carter, the VP of sales and marketing.

While I interacted with all the companies on the mission at group sessions and receptions, the government program was separate from the business program. I did not meet with Ornge or any of the other companies individually during the development of the mission, nor did I accompany Ornge or any company on their business meetings in the Middle East.

As the committee is well aware, I was copied on the memo from Ornge dated January 19. While I do not have a detailed recollection of the contents of the memo, I do recall looking at it and noting that it focused primarily on Ornge's organizational structure.

As the focus of my ministry at the time was the trade mission and as the areas outlined in the memo were better considered by the Ministry of Health and Long-Term Care officials who were already copied on that memo, I did not take further action on the memo.

A few weeks later—after the mission—in mid-February I received an email from one of Ornge's trade mission participants requesting a meeting. Our ministry meets with businesses in the province every week. I would always meet with a company that had participated on a mission, hoping to learn about mission outcomes and their opinion of our services. So I and two officials from our trade division met with Ornge in mid-March 2011. Ornge provided an overview of the company and their services. For our ministry, the focus of the meeting was to seek feedback on our export services to assist with the ongoing delivery of our trade mandate.

While I had no further involvement with Ornge after that meeting, the ministry had a few interactions, mainly focused on mission follow-up.

With that said, I would be pleased to answer any questions the committee has.

The Chair (Mr. Norm Miller): Thank you very much for your presentation. Just to explain the way we're going to do this: For the first presentation, we'll start with the opposition, then the third party and the government. For the next presentation, we'll start with the third party; the next presentation, we'll start with the government. Everyone will get equal time.

Who in the opposition would like to ask questions? Mr. Klees?

Mr. Frank Klees: Thank you, Chair. Ms. Tilford, thank you for being here today. I have copies—you don't recall the letter you received, the January 19 letter—

Ms. Wendy Tilford: No, I said I did recall it.

Mr. Frank Klees: You do?

Ms. Wendy Tilford: Yes.

Mr. Frank Klees: But you don't recall the specifics?

Ms. Wendy Tilford: Not the specifics.

Mr. Frank Klees: Clerk, could we have the letter distributed, please? The reason for that—I just want to refer you to a couple of points there.

Can I ask you, first of all, with regard to the trade mission: Who would have paid for Ms. Kirbie and Mr. Carter to attend that trade mission?

Ms. Wendy Tilford: All of the participants pay a \$1,500 fee to be part of the mission. That particular mission was paid to the Canadian-Arab Business Council, and it covered ground transportation and various reception and meeting expenses they would have when they were in-market. Any other expenses incurred by the companies were paid directly by the companies who participated.

Mr. Frank Klees: Okay, so Ornge would've covered all of those fees, the accommodations—

Ms. Wendy Tilford: I'm sorry?

Mr. Frank Klees: Do you have any idea what the total cost would have been after accommodation? I'm assuming the \$1,500 is the registration fee to be part of it.

Ms. Wendy Tilford: That's correct.

Mr. Frank Klees: Any idea what the overall cost would be?

Ms. Wendy Tilford: It depends, because each company makes their own arrangements.

Mr. Frank Klees: It depends on which hotel they're staying at.

Ms. Wendy Tilford: It does. They make those choices themselves.

Mr. Frank Klees: Okay. With regard to the letter—I think you've been given a copy now, have you?

Ms. Wendy Tilford: No.

Mr. Frank Klees: Could we ask—please.

You were copied on this letter along with many others, including the principal secretary to the Premier; policy advisers to the Premier; the Deputy Minister of Finance; the Deputy Minister of Health; the Deputy Minister and CEO of Infrastructure Ontario; the chief of staff to the Minister of Finance; the chief of staff to the Minister of Economic Development and Trade; the chief of staff to the Minister of Health and Long-Term Care; the director of the Emergency Health Services branch; Dr. Christopher Mazza; Mr. Tom Lepine, who was the COO of Ornge at the time; and the entire board of directors.

You held, at the time, the role of Deputy Minister, Economic Development and Trade.

Ms. Wendy Tilford: Correct.

Mr. Frank Klees: You say you read the letter when you received it?

Ms. Wendy Tilford: No, I said I remembered receiving the package, but I don't remember all the details of it. I didn't go through it thoroughly.

Mr. Frank Klees: Can you just tell me how thoroughly you did go through it?

Ms. Wendy Tilford: I read the executive summary, so I know in the executive summary enough there that was said that no public funds would be used for what Ornge

was proposing. I knew that it dealt with changes to their corporate structure. I knew that it said that whatever they were doing aligned with the agreement they had with the Ministry of Health. However, I've never seen the agreement with the Ministry of Health, so it would be very difficult for me to assess whether that would be true or not. I also noted that it was addressed to the Ministry of Health, so I knew that they were the prime recipient on the letter.

Mr. Frank Klees: And you made the assumption that if the Minister of Health received this—and, I'm assuming, all these other people who were copied on it—that any details would be looked after by them? Is that right?

Ms. Wendy Tilford: I also, as I said, received an email from Ornge with an invitation to meet, and they referenced that the Ministry of Health had been talking to them about this.

Mr. Frank Klees: Did you meet with Ornge?

Ms. Wendy Tilford: Yes, I did. I said I did meet with Ornge; I met with them in March.

Mr. Frank Klees: And they would have reviewed this letter?

Ms. Wendy Tilford: No, they didn't—

Mr. Frank Klees: What was the nature of that meeting with them?

1240

Ms. Wendy Tilford: I didn't know. I thought it was probably—in their email they referenced the trade mission, so I would have attended the meeting with the anticipation of talking about the trade mission. They did give a presentation that talked about their services. They talked about some of their service metrics and they talked about their organization.

Mr. Frank Klees: Did they in that meeting discuss with you their intention to put airlines out of business and take over and bring in-house all of the both fixed-wing and helicopter services that they were, at the time, contracting out to?

Ms. Wendy Tilford: I don't remember them describing it that way.

Mr. Frank Klees: What would your reaction have been had they told you that?

Ms. Wendy Tilford: Really, not knowing how the Ministry of Health's contract is set up with them, I wouldn't be able to comment on that.

Mr. Frank Klees: In fact, Mr. McKerlie, when he was here, referred to the fact that they have standing offer agreements. He listed a number of those companies. What he failed to tell us, and we'll follow up with him, is that some of those that were on the list, Ornge has actually put out of business because they brought in-house all of that service. They've decided to own helicopters. They've decided to own aircraft. In the past, those were contracted out to Ontario businesses who know the business, who were qualified.

Obviously, that in itself is a contribution to the economic development regionally as well as throughout Ontario. I just thought that given your responsibilities for

economic development, that in itself may have been a red flag for you, or at least a point of discussion.

I'd like to refer you to appendix E, which is the last page of this letter. This attachment describes the corporate structure that Ornge had planned—

Ms. Wendy Tilford: Sorry, I just want to get my glasses out so I can see.

Mr. Frank Klees: Okay—that Ornge was in the process of implementing. For someone who is involved on a day-to-day basis with corporate structures and economic activity—it's the very last page, appendix E.

The Chair (Mr. Norm Miller): You have two minutes, Mr. Klees.

Ms. Wendy Tilford: I have it now, thank you.

Mr. Frank Klees: Did you see this when you got your copy of the letter?

Ms. Wendy Tilford: There were a number of complicated diagrams in what they sent me. I can't tell you if I specifically saw this one.

Mr. Frank Klees: If someone came in to you today and said, "Here's an organization that I am putting together to deliver air ambulance services in the province of Ontario," what would your immediate reaction be as you look at this diagram?

Ms. Wendy Tilford: That it's a complicated diagram, but other than the details of it and how it related to the agreement they had with the Minister of Health, I couldn't have commented.

Mr. Frank Klees: Would it have prompted you to ask some questions about why such a complex organization was necessary?

Ms. Wendy Tilford: Not when I knew that the Ministry of Health was interfacing with the company on this, I wouldn't have.

Mr. Frank Klees: So you relied, as a deputy minister, on the Minister of Health to ensure that all of this was kosher?

Ms. Wendy Tilford: I relied on the minister and ministry—I deal more with the ministry than I do with the minister—because they would have had the relationship with Ornge.

Mr. Frank Klees: And the responsibility of oversight, I'm assuming, right?

Ms. Wendy Tilford: Well, knowledge of the contract and the contractual agreements that would be had with that organization, yes.

Mr. Frank Klees: Thank you very much.

The Chair (Mr. Norm Miller): Who would like to question from the NDP? France, go ahead.

M^{me} France Gélinas: Thank you for coming. My first question will be quite brief. You've made reference to an email that you received from Ornge asking you for a meeting, to which you said you agreed to meet. Would it be possible for you to track down that email and share it with the committee?

Ms. Wendy Tilford: Yes, it would.

M^{me} France Gélinas: Okay, thank you. I would appreciate if you could do that.

The second question I have is that we know that Minister Papatello visited AgustaWestland, the company that sold Ornge its helicopters, and then they paid Ornge \$6.7 million, in what looks much like a kickback right now. Do you know, when Minister Papatello met with AgustaWestland, if they discussed Ornge at all?

Ms. Wendy Tilford: So what I do know about discussions with the company that you referenced is the ministry and the minister had met them at the Farnborough air show in 2010. So I would have been present at that meeting. There was no discussion about Ornge. In 2011, at the Paris air show, there would have been a contact made there. I wasn't present at that, but my understanding was that there was no discussion about Ornge. And the minister met with the company when she was on a trade mission. I was not present on that one, but I understand there was also no discussion about Ornge.

The purpose of our interaction with that company was to attract them as a foreign direct investor in the province. So we were interested in them setting up some kind of training or manufacturing facility in the province. That was our interest in discussion with that company.

M^{me} France G  linas: Okay. In your capacity at Economic Development and Trade, you receive a memo from a publicly funded provider saying that they received a \$5-million payout from a provider. Would that raise flags? When you deal with businesses where a business buys something from a provider and then the provider gives money back, have you come upon businesses that deal like that?

Ms. Wendy Tilford: Are you referencing something that was in the January 19 memo?

M^{me} France G  linas: No. I'm referencing in the work that you do for the government—you deal with a lot of businesses.

Ms. Wendy Tilford: I do.

M^{me} France G  linas: So when a business transaction looks like I buy something from you—like Ornge buying something from AgustaWestland, and then Agusta giving money back to Ornge—if you see those kinds of transactions going on between businesses, is there any comment you can make?

Ms. Wendy Tilford: How would I know about that transaction?

M^{me} France G  linas: You would have been told.

Ms. Wendy Tilford: I wasn't told about that transaction.

M^{me} France G  linas: But if you were told, would you have any comments to make?

Ms. Wendy Tilford: I would want to understand the terms of the transaction before I could comment.

M^{me} France G  linas: Okay. When you received the 35-page memo, were you surprised that you had been copied on it?

Ms. Wendy Tilford: I get copied on a lot of material. I wasn't sure what the intent was of copying me on it.

M^{me} France G  linas: Did you ever clarify why you had been copied on it?

Ms. Wendy Tilford: No, I didn't, because many people were copied on it, and it was addressed to the Ministry of Health.

M^{me} France G  linas: So you received it, you read the executive summary and you put it aside?

Ms. Wendy Tilford: I did.

M^{me} France G  linas: Okay. And you were comfortable putting it aside, because you trusted that the Ministry of Health was going to do the follow-up?

Ms. Wendy Tilford: I didn't have any knowledge to be able to participate in that discussion, yes.

M^{me} France G  linas: Okay.

Mr. Jagmeet Singh: Good—is it still morning? It's afternoon. Good afternoon.

Ms. Wendy Tilford: Good afternoon.

Mr. Jagmeet Singh: I just have a couple of questions with respect to your dealings, or any conversations you might have been involved in, with AgustaWestland. During that discussion when the minister was hoping to have AgustaWestland invest in Ontario or provide some sort of training facility or facilities to manufacture their product, their helicopters, here—

Ms. Wendy Tilford: As we do with many companies.

Mr. Jagmeet Singh: Yes, of course.

Ms. Wendy Tilford: They are a core business.

Mr. Jagmeet Singh: Certainly. What stage did those discussions get to?

Ms. Wendy Tilford: They were quite early in their discussions. We haven't landed that investment.

Mr. Jagmeet Singh: Was there any indication on behalf of AgustaWestland that they were interested in investing in Ontario?

Ms. Wendy Tilford: I think they were interested in many jurisdictions—nothing specific—and certainly listened to the merits of Ontario. Our job is to sell the province and the merits of the province.

Mr. Jagmeet Singh: Certainly. Was there any discussion about providing helicopters to Ontario in general, just providing the product itself?

Ms. Wendy Tilford: No.

Mr. Jagmeet Singh: Was there anything that AgustaWestland indicated they'd like to see in Ontario to make it desirable for them to invest in Ontario?

Ms. Wendy Tilford: No.

Mr. Jagmeet Singh: I have no further questions.

M^{me} France G  linas: No further questions.

The Chair (Mr. Norm Miller): Thank you very much.

To the government: Mr. Zimmer.

Mr. David Zimmer: Mr. Chair, I don't have any questions—my colleague does—but I just want to take a minute, 60 seconds or so. This morning there was an exchange, essentially, between Mr. Singh, the member for Bramalea–Gore–Malton, and the exchange was about how taking an oath for citizen witnesses might differ from how MPP witnesses are taken.

1250

Citizen oaths—obligations flow from putting their hand on the holy book of their choice, or affirming—and

it's a very dramatic exercise—to tell the truth and so on. MPPs' responsibility to tell the truth flows from the legislative act and rules governing how they conduct themselves as MPPs. Both parties have an obligation to tell the truth. The point that I was trying to make was that it was more dramatic for a civilian witness to have a hand up on a holy book and affirm.

In the course of that exchange, Mr. Singh made the point that the obligations were the same. He was correct on that; I put a different emphasis on it. But I particularly regret my unfortunate remark that he'd missed his evidence school class. I apologize to Mr. Singh, the member for Bramalea–Gore–Malton, for that.

The Chair (Mr. Norm Miller): Thank you. Are there further questions?

Mr. David Zimmer: No, I have no further questions.

The Chair (Mr. Norm Miller): Thank you. Liz?

Mrs. Liz Sandals: Yes, thank you, Deputy. You made reference to the fact that Ornge was included in an Ontario trade mission to the Middle East. I wonder if you could give us a brief idea how firms are chosen to go on a trade mission.

Ms. Wendy Tilford: We advertise trade missions, usually electronically, to as many companies in the sector as we can, and companies respond by completing an application if they're interested. That's pretty much how it's done. There may be the odd firm that comes to us, that submits an application, and when we talk to them, we realize, in conversation with them, that they're not quite prepared to take this on yet, and maybe some seminars or something else would be a better vehicle first for them. But other than that, first-come, first-serve is the way we decide on who goes.

Mrs. Liz Sandals: Okay. So that's really cut and dried: first-come, first-serve.

Ms. Wendy Tilford: Very, and in this case, because we did it in conjunction with the Canada-Arab Business Council, all the interaction like that—the submitting of the applications—was done to them. It wasn't even done to the ministry.

Mrs. Liz Sandals: Oh, okay. So the application was actually made through the Canada-Arab Business Council, as opposed to the ministry.

Ms. Wendy Tilford: That's correct, and so was the payment.

Mrs. Liz Sandals: So I'm thinking, then, that it's probably—well, let me just ask you the question. Were you instructed at any point by the minister or any of the minister's political staff to include Ornge on the mission?

Ms. Wendy Tilford: No, never.

Mrs. Liz Sandals: Clearly, that would not be the case, because somebody else was making the decision anyway, not you.

Ms. Wendy Tilford: That's correct.

Mrs. Liz Sandals: I know my colleague is curious about where you went on the—so I'll turn it over to my colleague here.

The Chair (Mr. Norm Miller): Mr. Moridi.

Mr. Reza Moridi: Thank you, Mr. Chair, and thank you, Deputy, for taking the time and attending this meeting. Yes, my question is, as Ms. Sandals mentioned, which countries in the Middle East did this mission visit?

Ms. Wendy Tilford: We went to Dubai. Then we went to Abu Dhabi, Saudi Arabia, Kuwait and Qatar.

Mr. Reza Moridi: Thank you.

Ms. Wendy Tilford: It was a busy mission.

Mr. Reza Moridi: Yes. Thank you.

The Chair (Mr. Norm Miller): Any further questions?

Mr. Reza Moridi: No further questions.

The Chair (Mr. Norm Miller): Thank you very much, Deputy, for coming and presenting to the committee today. We appreciate it.

Ms. Wendy Tilford: You're welcome.

The Chair (Mr. Norm Miller): Mr. Smitherman, apparently, is on his way, so I expect him here in the next few minutes. It's five to 1, by my watch, not by the clock on the wall, which is off by a lot.

We do have several motions before the committee. A number of them are to do with adding more witnesses, which is something—currently, we have lots of witnesses before the committee, and that's not something that I would call urgent.

We also have a motion to sit—I believe, a motion that Mr. Barrett wanted to put, with regard to hearings next week. So if you want to put that motion—

Mr. Toby Barrett: I would like to put forward a motion that the Standing Committee on Public Accounts hold meetings to call witnesses during the week of April 9 through April 12, 2012, and sit for up to two full days so that the committee may continue its debate and inquiry into the 2012 special report of the Auditor General of Ontario on Ornge air ambulance and related services.

I would ask for a recorded vote as well, please.

The Chair (Mr. Norm Miller): Any comment? Liz? And if I can just ask that, when Mr. Smitherman shows up, seeing as he sat here all morning, if we don't get to this, that we—

Mrs. Liz Sandals: Yes. And I'm not going to speak for a long time. I'm simply going to note that in the subcommittee report we passed this morning, we in fact effectively already added an extra day for the additional witnesses, and we have lost two this morning. We're making up one this afternoon in the free time period, but in fact, this morning, we already added a day. So I think that it's unnecessary to sit during the Easter week. This is really late to bring the motion. I know certainly on those days during Easter week, I'm fully booked.

The Chair (Mr. Norm Miller): Any other comment? Mr. Klees—

Mr. Toby Barrett: I will mention as well that I will be getting a sub for next week. I don't know about the NDP, but that's kind of the reality of our work.

The Chair (Mr. Norm Miller): Mr. Klees.

Mr. Frank Klees: Well, as my colleague indicated, for those who can't be here, certainly parties can sub in members.

We've already lost a half a day thanks to the tactics of the government members. In fact, I have a number of additional people who have come forward who have indicated that they would want to testify. I would think that we would want to take advantage of every opportunity to hear from witnesses on this.

Certainly, I'm in support of this. I would hope that we would have the support of the government members on this.

The Chair (Mr. Norm Miller): Any other comment? Yes, Liz.

Mrs. Liz Sandals: Just to note that we did lose an hour and a half this morning. One of the witnesses is being made up this afternoon in a half hour that we had available. The item that we spent an hour and a half on, with you arguing we shouldn't take time to discuss it, we actually dealt with in half an hour at lunch.

The Chair (Mr. Norm Miller): Okay.

Mr. Toby Barrett: Yes, Chair, my only further comment is we do have a—

Mrs. Liz Sandals: And the witness is here.

Mr. George Smitherman: I'm early.

Mrs. Liz Sandals: Only by that clock.

The Chair (Mr. Norm Miller): If you want to have a vote on it, we can have a vote now, if you're all done speaking.

Mr. Frank Klees: Well, I would just like to remind Ms. Sandals that her colleague Mr. Zimmer agreed that we need to get on with this, and he himself agreed that he would be willing to have hearings during the break week. I would hope that he would be consistent in his vote on this motion with what he said to the media.

Mr. Toby Barrett: The only thing I wanted to clarify is that all three parties have additional witnesses. I see the motions before me. For that reason, I request additional days of hearings.

The Chair (Mr. Norm Miller): Okay. Are we ready to vote on the motion?

Mrs. Liz Sandals: Recorded vote.

Ayes

Barrett, Forster, Gélinas, Klees.

Nays

McNeely, Moridi, Sandals.

The Chair (Mr. Norm Miller): You're abstaining, Mr. Zimmer? Is that correct?

Interjection.

The Chair (Mr. Norm Miller): The motion carries. We shall notify the House leaders by letter requesting extra time during constituency week.

MR. GEORGE SMITHERMAN

The Chair (Mr. Norm Miller): Now, I believe Mr. Smitherman is here. Mr. Smitherman, if you could come

before. First of all, I'd like to apologize for making you wait the whole morning—

Mr. George Smitherman: Not at all.

The Chair (Mr. Norm Miller): —not that you haven't spent a lot of time around this place, but I appreciate you—

Mr. George Smitherman: For the clerk?

I'm going to pour myself some water, if that's okay, Chair.

The Chair (Mr. Norm Miller): Yes, please do. Thank you for being flexible and agreeing to come back. Sorry to waste your time this morning.

Just to affirm, you did receive the information for a witness appearing before the Standing Committee on Public Accounts?

1300

Mr. George Smitherman: I did, after the close of business last night. I looked at it briefly this morning.

The Chair (Mr. Norm Miller): Okay.

Mr. George Smitherman: I was going to bring my counsel, but he's in daycare.

The Chair (Mr. Norm Miller): The clerk will affirm you, Mr. Smitherman.

The Clerk of the Committee (Mr. William Short): Could you just raise your hand? Mr. Smitherman, do you solemnly affirm that the evidence you shall give to this committee touching the subject of the present inquiry shall be the truth, the whole truth and nothing but the truth?

Mr. George Smitherman: I do.

The Clerk of the Committee (Mr. William Short): Thank you.

The Chair (Mr. Norm Miller): So if you want to take five minutes for a statement and then there will be eight minutes for each of the caucuses to ask questions.

Mr. George Smitherman: Mr. Chair, I timed this carefully but I confess, I may be five or 10 seconds beyond, but not much.

The Chair (Mr. Norm Miller): Great.

Mr. George Smitherman: Thank you for your consideration.

Ladies and gentlemen of the public accounts committee, it's my privilege to be here today. I cherish the principle of accountability and I support the idea that having more information in the public domain makes for better government, so I will gladly share the knowledge that I have. The context that I have is the 2003-08 period.

My motivation and actions during this period were to address well-documented risks to health and human safety. So even here in the midst of the firestorm, where it's clear Ornge had lost its way, we should be careful not to forget that Ontario possesses one of the world's most advanced medical air operations, with well-trained and dedicated front-line staff. It's a very expensive and essential element of our health care system that tries to help equalize access to care across a wildly large and difficult terrain.

Because we have this medical air transport capacity well integrated into our trauma system, it saves many

lives. But the real trauma is the abuse of public trust perpetuated upon the people of Ontario. I take responsibility for not having detected this risk and therefore entrusting Dr. Mazza to build an integrated medical air transport system. Aided and abetted by a strongly credentialed board, stories have emerged of a hazy shell game seemingly designed to leverage a public asset for personal gain. If true, this was an abuse of the public trust and I regret not having had the prescience to eliminate such risks.

The better news is that we have a good system that is well resourced, and with the steps taken by Minister Matthews, a sense of purpose has been restored.

I can't tell you who missed their opportunity to act at first evidence that Ornge had gone rogue. The performance agreement had multiple mechanisms where the contract could be cancelled. This, coupled with the ministry role as paymaster, represents ample power to bring a rogue entity to heel.

The report commissioned in 2008 by the Ministries of Health and Finance, and prepared by Meyers Norris Penny LLP, a report which should be made public, provided a series of recommendations to the ministry. From what I am told, the ministry's response to this 100-plus-page report may have been lacking.

When I left the ministry, I was not aware of any accusations, and from the moment I left there, about 1,400 days ago, I have paid Ornge little mind. Had I known that there were swirls of scandal, I most certainly would not have taken the risk of bringing an external visitor to Ornge, as I did last fall.

When I become minister in 2003, we did not have an integrated system despite repeated calls from coroners' inquests and the media alike. Additionally, a 2003 accreditation review conducted by the independent US-based Commission on Accreditation of Medical Transport Systems recommended a system overhaul. A particular concern they cited was the absence of a clear line of authority amongst the dispatch centre, the base hospital and air ambulance operators responsible for service. We fixed that.

Other coroners' reports spoke to the risks being posed by the ministry's inability to validate the safety and maintenance of the fleet of private aircraft then contracted to do medical air transport. Today, Ontario has the most modern and efficient fleet just about anywhere.

At crucial critical care transition points, we implemented Ornge-staffed land ambulances to enhance the continuity of care for critically ill patients, thus improving their survival prospects while saving money for several municipal land ambulance services. Sometimes that transfer, across ferries, through traffic or over long distances, can take a long time. And when a situation is critical, minutes really, really matter. This is especially true in the north.

I want to provide just one example where a service enhancement was implemented in order to save lives, to buy some of those crucial minutes. Put yourself in the position of being the family of someone who just sus-

tained a life-threatening injury in a snowmobile accident in Hornepayne and transferred via Ornge to Sudbury airport, and now set to endure the lengthy transfer from Sudbury airport to Sudbury Regional Hospital. Would you feel better knowing that a highly specialized Ornge critical care team was on hand to get your loved one into the specialized hands of the hospital?

I know that politics is always in the air here and perhaps more so in a time of minority Parliament, but I do ask that you consider just how your report will influence confidence in Ornge for the stricken hiker, the First Nations dialysis patient or for the car crash victim who lays wondering if his next breath will be his last.

Thank you. I look forward to aiding the committee's work in any way that I might.

The Chair (Mr. Norm Miller): Perfectly timed. We'll go to the NDP first this time. France?

M^{me} France Gélinas: Thank you so much for being here, Mr. Smitherman. It's a pleasure to ask you questions. It feels like I've done this before.

Mr. George Smitherman: I'm a bit out of practice, I'd have to say.

M^{me} France Gélinas: It's rather interesting that right now we have Minister Matthews as Minister of Health. On a number of occasions, it feels like she's throwing you under the bus. It feels like she's blaming you for a huge part of the scandal we're dealing with right now, from your failure to have an RFP when this was first contracted out to your failure to put together an accountability agreement that gives the Ministry of Health the leverage that it needs.

My first question will be: If you had stayed as Minister of Health, do you figure this scandal would have happened?

Mr. George Smitherman: Well, there are three or four questions rolled up there, and I look forward to having a chance to answer each of them. Personally, I said in my comments that I really think it would be important to get into the public domain this report that has been prepared by an outside consultant, because it was a crucial overview to the period of time that I was the minister.

When I left the Ministry of Health in 2008 and moved to another ministry, Dr. Mazza was making \$298,000, was reporting that in complying with the sunshine list and the like, and the activities that went on subsequently were activities that were not to my knowledge. I cannot imagine a circumstance where I would have tolerated a situation where Dr. Mazza ended up making \$1.4 million and where the organization lost its focus.

But the ministry bears a lot of responsibility for this because it is in the ministry, which had 8,000 or 9,000 employees, where on a day-to-day basis there are people who are paid to wake up and to focus on it. The real question I have is, at what point did they decide that they were dealing with what I described as a rogue entity, and what steps did they take at that time to bring it to heel?

It's my suspicion—but I'm only speculating, because it's beyond 2008—that this was even in advance of the

time of Minister Matthews' arrival at the Ministry of Health.

M^{me} France G  linas: Interesting. If we go back to 2007—we'll be testing your memory there, but you were still Minister of Health at the time—you authorized a one-time \$2.9-million funding bump to Ornge. Would you have done this if you hadn't known how much Mr. Mazza was being paid? If you didn't have information about salaries, would you ever agree to increasing a budget?

Mr. George Smitherman: Well, at the time we knew how much Dr. Mazza was being paid. It was somewhat less than \$298,000, and it was in full compliance with the sunshine list. That question actually is in essence further evidence that at that time, to the best of any knowledge that I have, there were no red flags being signalled. In the same time frame and context, the provincial auditor twice reviewed Ornge. The public accounts committee had its own hearing, I think, in 2006. Just subsequent to that, this external report was ordered.

1310

To the very best of my knowledge, in that time frame Ornge was operating well. Through the report that the provincial auditor has provided, we learn that the ministry did not have a grasp on the finances there. I think that that came as a surprise to all of us. That adjustment in their budget in that fiscal year—I don't have access to the ministry files to know what the motivation and justification for that was, but there were three things happening that may have been associated with it: the implementation of new critical care ambulances like the one I mentioned, which can be in service in a place like Sudbury; Ornge was responsible at that time for EMAT, the mobile hospital; and the implementation of a new angioplasty program at Thunder Bay Regional Hospital, which was forcing us to deploy an additional aircraft in Thunder Bay as backup, in case any cardiac patient required transfer to Duluth. Any one of those items might have been cause for that adjustment in the budget. But without more information from the ministry, I can't speak more; I could only answer in that way.

M^{me} France G  linas: Okay. Coming back to 2007-08, the accountant at Ornge—his name is Keith Walmsley—came to the ministry and said that Chris Mazza and others were in the process of creating this web of private companies, and in 2008 started to hide their salaries. The sunshine list that came out in 2009 did not have Chris Mazza on it.

Basically, this whistle-blower, Keith Walmsley, went to your ministry while you were minister. Did you ever talk to this man? Did anybody ever—

Mr. George Smitherman: No. And where did I learn about this? I learned about this in a Toronto Star story. I believe the gentleman himself says that in retrospect he realizes he should have gotten that letter to me.

But this is part of the reality of the Ministry of Health: 350,000 pieces of correspondence addressed to the

minister every year—some number like that. Former Minister Witmer would be aware of those volumes.

This was intercepted at the ministry level, and really begs the question, as this was an early warning and the gentleman seems to have been quite articulate in the representations he made—where the ministry in a sense intercepted this. I think it started at the Ministry of Health Promotion, if I'm right, and made its way over to the Ministry of Health. Until I read that story in the Toronto Star, I had not been aware of that gentleman's point of view. But in the ministry, they clearly were.

The Chair (Mr. Norm Miller): You have two minutes.

M^{me} France G  linas: In your statement, you did say that you went back to Ornge last fall. Except for that visit, have you had any other dealings with Ornge for 1,400 days since you were not Minister of Health?

Mr. George Smitherman: Yes. On one other occasion I attended a meeting at Ornge, which was focused on the philanthropic side. They were looking for ideas about how they could gain some financial support from the broader community, associated with the equipment outfit for the helicopters. I don't recall the time frame of that, but that was the only other involvement I had, and I did that just as a private citizen, you know, giving them an hour of my time and offering some suggestions.

M^{me} France G  linas: Okay. You said that if you had found out that Chris Mazza was making \$1.4 million, you would have acted, and thought that this was not acceptable. In 2008, his salary was never put on the sunshine list. Shouldn't there have been reaction from the ministry sooner—actually, it's in 2009 that we find out about it. You're gone by that time, but when you saw that Mr. Mazza was no longer on the sunshine list, wouldn't you have asked one of your staff to check that out?

Mr. George Smitherman: Time frame: The sunshine list is produced in the final days of fiscal 2007-08; within two or three months, I leave the ministry; the sunshine list for the subsequent year would be prepared later in the year. But I do think that is a particularly egregious action that should have sent a warning signal across somebody's desk. And I really think for me, increasingly I ask myself at what point did the people in the ministry, who on a day-to-day basis wake up with the responsibility to focus on matters related to ambulance—what was their reaction to that?

I did not know about that until I read all these stories in the paper only recently, and like I mentioned before, I certainly wouldn't have ventured to Ornge last fall with an external visitor in tow to get myself embroiled if I knew there were all these swirls of scandal.

The Chair (Mr. Norm Miller): Thank you. Could we move to the government now?

Mrs. Liz Sandals: Thank you. Sorry that you've been here twice today, but we're glad we've got you up here now.

Mr. George Smitherman: The company is nice.

Mrs. Liz Sandals: We're all charming, aren't we?

When you were appointed as Minister of Health in 2003—you make some reference to problems in the air ambulance system. Could you describe those a little bit more? What were you told when you got the briefing?

Mr. George Smitherman: Sure. Really, it was that coroners' reports and other independent bodies and the media, over quite a lengthy period of time, had come to the conclusion that air ambulance as we knew it was too fragmented. To their credit, I would say, the previous government—I believe it was my direct predecessor, Tony Clement—had brought the eight ambulances together in a base hospital program. Prior to that, we had the circumstances of the ministry running dispatch and doing some work on the relationship with private aircraft contractors, and we had eight different helicopters, all in the budgets of eight different hospitals around Ontario. Minister Clement took the step to consolidate all those aircraft under one base hospital program at Sunnybrook Hospital with Dr. Mazza as the medical director.

I think that was a good step in the right direction, but you can imagine all the stories that have been written over time about the circumstance where dispatch and operations are not in the same organization. Our intentions in moving forward were to create an integrated system, and despite all the failings we know about, which mostly were seemingly about trying to leverage this now integrated system, I believe that the system we have in Ontario is a very good one and is better protection of human health and safety than it was in 2003 when I became minister. And it's my fervent hope that this can be restored as a sense of pride and confidence for the people of Ontario.

Mrs. Liz Sandals: It's interesting, because I think I was on public accounts when the auditor's previous report came in, and he was looking, not at Ornge, but at the pre-existing system. I think the auditor's findings in that previous report—the auditor is nodding at me—were that he described many of the same problems you're describing now.

Then how did we get from identification of the problems to the creation of what eventually became Ornge? It was initially the Ontario air ambulance system.

Mr. George Smitherman: I hope someone will come back to this question of sole sourcing versus RFP, because those who insist on the idea that there should have been an RFP are proponents for the privatization of that service. If you look at it, we were actually bringing the service in-house to a not-for-profit entity which had features and attributes quite similar to hospitals: independent capacity to choose their board of governors; substantial elements, almost all of it funding from the ministry; and the capacity to raise some resources on a philanthropic basis to augment the public resources that were available. The initiative was to create an integrated service on that basis.

It was not in the pattern of the Ministry of Health to house entities like that inside. This is, I think, an important insight in terms of how the model emerged.

Mrs. Liz Sandals: So it's almost as if what you were doing was setting up something that was more on a hospital model as opposed to a private contract. I mean, it's—

Mr. George Smitherman: Well, we saw these as our assets. We saw these as public assets. It wasn't about taking a public asset and throwing it out there to a CEO and their board to try to reap some reward out of it; no, not at all. And if you look at this agreement—which lots of people have spoken about, but I'm not sure that many people have actually read—this is, in a certain sense, a playbook for the bringing together of assets, roles and responsibilities that until that time were fragmented and across the landscape.

Mrs. Liz Sandals: When I think about the legislation that has now been tabled, where the minister is suggesting that some of the powers she has with respect to hospital boards and importing some of the language that's in the hospitals act into the air ambulance act, that's actually reasonably consistent with the original approach you were taking to it.

Mr. George Smitherman: Obviously, she's in a situation where she's operating retrospectively and where, perhaps, the same lawyers who advised me in drafting this are now advising her in drafting that. I don't know that, but ministers come and go and deputies come and go, and the ministry staff stays there forever and ever—for a long time. And the institutional memory they have is an important protection for the public, but only if they actually choose to use it well.

1320

I have no doubt that there's an opportunity to look retrospectively and say, "Well, we could have had that," or "We could have had that," but from a review of this and from knowing that the ministry was practically the whole paymaster for that organization, I don't draw the conclusion that the ministry's hands were tied in bringing this what I refer to as a rogue entity to heel.

Mrs. Liz Sandals: Thank you.

The Chair (Mr. Norm Miller): You have two minutes left.

Mrs. Liz Sandals: Oh, I've got two minutes left.

I guess that one of the elephants in the room, then, is that as the new service was being developed, what sort of a role did Dr. Mazza play in the conversation then, as it was being developed, the new vision?

Mr. George Smitherman: Well, undoubtedly—and this is where I've said candidly that the responsibility that I bear is that this individual—and again, some people will try to suggest that I invented him. Of course, he was running the base; he was, in Ontario, the most knowledgeable individual with respect to the operation of medical air transport that we had. It was—

Mrs. Liz Sandals: So when you referred to Minister Clement setting up an air base, it was him who actually had the air hospital under—

Mr. George Smitherman: Dr. Mazza had been running one helicopter as the medical director from Sunnybrook Hospital since 1996. So it was natural that

he was there in the pecking order and that he should be relied upon in helping to bring a model forward.

Again, I go back to the question that if you look at it from the time that I left, to the very best of my knowledge, the amalgamation of services, the elimination of fragmentation and the creation of an integrated organization had been the focus. And I take responsibility for not having seen the risk that people might have ulterior motive, but then the question I ask is, the people who wake up every single day in the Ministry of Health, when did they first get an inkling that something was going awry and what steps did they take then? That's an area where I don't have as much information as I would like to have.

Mrs. Liz Sandals: Thank you very much.

The Chair (Mr. Norm Miller): Mr. Klees.

Mr. Frank Klees: Mr. Smitherman, first let me thank you for the statement that you made that you regret not having had the prescience to see what was coming. You're actually the first person to take responsibility, and I just want to thank you for that.

I want to ask about the performance agreement. I've read the performance agreement. There are a number of schedules in that performance agreement, and I do think that apart from some of the things that may have been missing there, what that performance agreement did do was give you, the minister, and the ministry the authority to intervene, the authority to oversee. In fact, it was very explicit; that original performance agreement was very explicit that the ministry has a responsibility to develop certain delivery requirements and standards, together with Ornge.

I want to ask you this: Knowing what you know about that agreement because you signed it, when you determined that something might not be right, what steps would you have taken, as minister, to ensure that the requirements and the standards of that performance agreement were being met?

Mr. George Smitherman: The first part that's important here is, like I said, the context that I speak to most knowledgeably is 2003-08 and in that time frame I was not made aware by the ministry or outside interests that something had gone awry there or that the thing was off the rail or gone rogue, to use the language that I used. You've enjoyed the privilege of serving as a minister, as have I. It seems to me that the combination of powers—some power is that which is given by way of legislation or by a signed agreement. Much of the power that a minister can exercise is the power of persuasion, of the use of a bully pulpit, of embarrassment as required. And the third bit—and this is what I referred to in a Toronto Star interview as kind of this sugar daddy role—if I'm in a circumstance as a government minister where my ministry is funding the lion's share of an entity, I feel, notwithstanding whatever deficiencies retrospectively a lawyer might have found, I've got a bit of capacity to bring a wayward organization to heel. And I ask myself the question, what went on? And that's why this report, which has not been public, I think is an important one. It

may, in fact, say things that are not helpful to me in the grand scheme of things, but it was a report that took a hard look at the early days of operation of Ornge, and I wonder where that went when it got to the ministry.

Mr. Frank Klees: In the final analysis, had you been the minister, you would have found a way to intervene and to bring this rogue organization to heel.

Mr. George Smitherman: Only in the circumstance—the only way, of course, you know—

Mr. Frank Klees: Thank you. Thank you. I'd like to move on to another very important point.

Mr. George Smitherman: But with respect, that wasn't my complete answer.

But I would say this respectfully to the member: Yes, of course, any one of us wants to say that we would have done that. But I was there with four and a half years of institutional memory—four and a half years. So of course, on the day after four and a half years, I had all that institutional memory to apply. But then another minister came, and yet another one, and then the current minister.

My only question is this: You can only act if you have the information. Who had the information and what did they do with it is a question which I don't think—at least I, personally, don't know enough about it. I know people in the ministry had information. When did they actually send the signal that the entity had gone awry?

Mr. Frank Klees: Thank you. I'd like to move forward to early November 2007. At that point in time, the Ministry of Finance made a very specific effort to bring the financials of Ornge under the Ministry of Finance, into its consolidated statement. When the Ministry of Finance took that initiative, I understand that Ornge, through one Alfred Apps, with Don Guy's assistance, put forward the case that those financials should not be included for very specific reasons. I also understand that that message was sent to Mr. Jamison in the Premier's office via Jennifer Tracey.

Now, I happen to believe that this represented a turning point, because had the financials of Ornge been included under the Ministry of Finance, the appropriate oversight would have been there, even if the Ministry of Health failed. The Ministry of Finance would have, in fact, ensured that there was the appropriate oversight, and certainly questions would have been asked.

I want to just put this on the record: that in February 2006, former Deputy Minister Sapsford was asked—in fact, he was asked the question by the member from Kitchener Centre, Mr. Milloy, at the time—what is the relationship between Ornge and the government? Deputy Sapsford at that time explained it very concisely.

The Chair (Mr. Norm Miller): You have two minutes.

Mr. Frank Klees: In his words, "The relationship between the new corporation and the ministry is what I would call a transfer payment relationship." It's because the Ministry of Finance saw that, as well, that they wanted to incorporate those financials into the Ministry of Finance.

Can you tell me, what pressure was brought to bear, through Mr. Guy and through Mr. Apps, to ensure that that consolidation did not take place?

Mr. George Smitherman: The matter that—firstly, I’ve never heard that before, so I can’t shed any light on that. But I would say that for all of that, to my mind, it does not separate the Ministry of Health and the staff of the Ministry of Health from their oversight responsibilities.

I take your point that that might have been an added layer, and maybe that is an early signal, but it’s not a circumstance that I have any information about.

Mr. Frank Klees: I assure you, we don’t want to let anyone off the hook. The primary responsibility clearly was the Minister of Health and the Ministry of Health. My point simply is, based on the information we have, that there was political interference that actually allowed Mr. Mazza and those at Ornge who wanted to “leverage,” as you put it in your own words, public funds for their personal means. It was that political interference that actually brought down the barriers that would have prevented that, and I was just hoping that you might be able to shed some light on that. You say you knew nothing about it. Perhaps Jamison can help us when we talk to him a little bit later.

1330

The Chair (Mr. Norm Miller): Thank you for coming and being so patient this morning.

Mr. George Smitherman: That’s it? Time flies when you’re having fun. Thank you so much for the chance.

The Chair (Mr. Norm Miller): Thanks for coming before us.

Mr. Frank Klees: Could I just ask Mr. Smitherman: If there is some other information that we would like to follow up with him on, would he be willing to come back and spend some more time with us?

Mr. George Smitherman: Well, as I understand it, if this committee sends out a message that it wants to hear from me again, it’s not a matter of whether I’m willing or not. But of course, spending the day here with all of you today has refreshed my interest in Queen’s Park, so if it aids the committee in their effort, then most certainly.

The Chair (Mr. Norm Miller): Thank you very much. I appreciate that.

Mr. David Zimmer: Chair, just on a point of order while we’re waiting for the next witness to come in—

The Chair (Mr. Norm Miller): I don’t know whether we’re waiting. We’re ready for the next person.

Mr. David Zimmer: Anyway, Mr. Klees made reference to a meeting and a document between Apps and Steeve, and then he implied that he’s going to raise those matters with Mr. Jamison Steeve, which I expect is about to happen now. I think we should have that document in front of us.

Mr. Frank Klees: I made no reference to a document. I have my personal notes, and Mr. Zimmer has no access to that.

OFFICE OF THE PREMIER

The Chair (Mr. Norm Miller): Let’s move on to our next presenter. We have, from the Office of the Premier, Jamison Steeve, principal secretary to the Premier, who is here for the next half hour or so. You have five minutes to make your presentation, then there will be eight minutes amongst the three parties questioning you. Did you receive the “Witnesses Appearing before Standing Committee on Public Accounts” information?

Mr. Jamison Steeve: I did. I received it last night.

The Chair (Mr. Norm Miller): Thank you very much. Our clerk will swear you in.

The Clerk of the Committee (Mr. William Short): If you just want to raise your hand, Mr. Steeve: Do you solemnly affirm that the evidence you shall give to this committee touching the subject of the present inquiry shall be the truth, the whole truth and nothing but the truth?

Mr. Jamison Steeve: I do.

The Chair (Mr. Norm Miller): Please go ahead.

Mr. Jamison Steeve: My name is Jamison Steeve. I am the principal secretary to Premier Dalton McGuinty.

I want to thank you for the opportunity to appear before this committee. It is my understanding that this committee has been struck to consider the special report of the Auditor General on Ornge. I thought it would be helpful to this committee to provide a brief history of my employment and a quick outline of my roles and responsibilities in government in my opening statement.

I graduated university with an honours Bachelor of Arts, a Bachelor of Education and a Bachelor of Laws. I began my professional life as a lawyer in the litigation department at Fasken Martineau. I practised law there from 2001 until December 2003.

In January 2004, I joined the office of Minister Jim Bradley, then Minister of Tourism and Recreation, as his legislative assistant. I held that position until September 2004. In that role I was primarily responsible for preparing Minister Bradley for question period.

From September 2004 until October 2007, I was the health policy adviser in the Premier’s office. During that time, I also held the health promotion and seniors’ policy portfolios. In my role as policy adviser, I focused on broad policy development and policy decisions in the area of health. In particular, I focused on key health results like the reduction of surgical wait times and improving primary care. My work over those three years also included involvement in the development of legislation, like the LHIN bill and drug reform.

Following the election in 2007 and the swearing-in of a new cabinet, I was hired as chief of staff to Minister George Smitherman, Minister of Health and Long-Term Care. I held that position from November 2007 until June 2008. During that time, I was responsible for the day-to-day administration of the minister’s office, focusing our efforts on reducing emergency room wait times, lending shape to the government’s negotiations with doctors and working with the minister and the ministry to finalize a

budget for the Ministry of Health. During my time as chief of staff, I had a staff of approximately 30 people.

Since June 2008, I have served as the principal secretary to the Premier. In that role, I am primarily responsible for the development of public policy government-wide. I work with cabinet, caucus and the public service to develop and implement the government's policy and legislative agenda. In addition, I have an active oversight role on particular strategic documents, like the budget, the fall economic statement and any throne speeches. I have a staff that fluctuates between six and eight people who have carriage of several policy files.

Based on the questions I have seen in the House, it is my understanding that I am appearing before this committee primarily because I was one of the recipients of the letter addressed to Minister Deb Matthews from the chair of the board at Ornge on January 19, 2011. I am happy to speak to that issue or any other questions that you may have.

From someone fiercely interested in and responsible for the development of good public policy, I think there are many important lessons we can learn from the situation at Ornge.

This committee is looking into what happened at Ornge because the Auditor General's investigation revealed some significant areas of concern. Although there were a number of accountability mechanisms in place with respect to Ornge, it is clear that they did not work.

As Minister Matthews has stated, we as a government could have, and should have, done a better job. I believe that the minister has taken strong steps to remediate the situation at Ornge and move the organization forward so that it serves the needs of Ontario patients.

The larger public policy question I know that we in Ontario will all have to wrestle with is how to develop appropriate accountability mechanisms as we look for ways to provide top-quality government services efficiently.

I'll be pleased to answer any questions this committee may have. Thank you for your time.

The Chair (Mr. Norm Miller): Thank you very much. The government will have the opportunity to ask questions first.

Mrs. Liz Sandals: I wonder if we could go back, then, and think a little bit about your time from 2004 to 2007 as health policy adviser. Can you describe a little bit more about your role then, and I guess whether or not you would have intercepted with Ornge in any significant way during that point?

Mr. Jamison Steeve: Certainly. My role at that time, for any health policy adviser in the Premier's office, would be to help develop the policies that are coming through committees and into cabinet and shepherding those issues as they go through our processes of being considered by cabinet and caucus.

I would say a lot of my interactions on policy files would also have been around key health results. We would have our health results team, involving briefing the Premier and preparing him for how we were

achieving things with respect to surgical wait times, primary care reform, namely 150 new family health teams, the acceleration of medical school spaces and whatnot.

My interaction with Ornge, the file, would have primarily been through the development of the legislation. I didn't have direct involvement in the creation of the accountability agreement or the performance agreement that's been the subject of much of the conversation, both here and in the House, as that's something that would go to treasury board and deals more appropriately with accountabilities and financials. I would deal more with those items, at that time, that dealt with public policy, that went through policy committees and then into cabinet.

During my time from 2004 to 2007, I believe I met with Ornge once, basically as the organization was being set up, and getting a sense of what services they were going to be providing.

Mrs. Liz Sandals: So it would have been at the policy level as to, as you say, what services would Ornge be delivering and what would be the change in delivery from current services? It was at that broad policy level.

Mr. Jamison Steeve: At a broad policy level within the health sphere, as opposed to my current role, which would have more of the broad policy across government. But no, there is very little operational aspect related to the health policy role.

Mrs. Liz Sandals: If we can go on, then, to your current role as principal secretary to the Premier, are you, as principal secretary to the Premier—and I think you've just answered this question, but let's be specific. Do you get involved in operational issues at the ministries in your role as principal secretary?

Mr. Jamison Steeve: Typically not. What I would say is, my involvement is more on the basis of making sure that we're driving forward the government's agenda in working with caucus, cabinet and the Premier. There are operational elements that are going to come forward in any particular policy submissions—the delivery of a tuition grant, those types of things—but on the day-to-day aspects of how something is delivered by way of a public good from a ministry, no, I would not get involved in those matters.

Mrs. Liz Sandals: So in the example you give of the tuition grant, it would not be that you're spending a lot of time on the operational issues related to an existing file or initiative; it's that you're looking at what operational issues might be involved in a new program like the tuition grant and ensuring that the operational issues around that have been dealt with as part of the policy submissions to cabinet?

Mr. Jamison Steeve: In that instance, I would say that's correct. I think on the day-to-day, that's far more a responsibility of the minister's office and the ministry, which would have been my experience when I was chief of staff at health.

Mrs. Liz Sandals: Okay, thank you. And one of the issues that has certainly arisen is, when the auditor

prepared his draft report and sent a copy to I think it's the assistant deputy minister—or the director?

Mr. Jim McCarter: Yes, to the assistant deputy minister.

Mr. Frank Klees: Of health?

Mr. Jim McCarter: Of health, yes.

Mrs. Liz Sandals: So when that draft report went to the assistant deputy minister, relevant assistant deputy minister at health, would you have been forwarded that report?

1340

Mr. Jamison Steeve: No, I typically don't get involved in the draft reports from the Auditor General. My work, as it relates to public policy development, usually comes on the release of the report where there are typically numerous recommendations on how public policy or aspects of government can be improved.

Mrs. Liz Sandals: But there wouldn't be an issue of you having seen that draft or, for that matter, the drafts of the other two reports that went to ADMs in health about the same time—a bit earlier, maybe, but the same thing. You were saying—

Mr. Jim McCarter: We would have had another 15 value-for-money drafts that went to another 15 ministries. We do about 15 a year; that's just part of the normal process.

Mrs. Liz Sandals: And you wouldn't have seen any of those?

Mr. Jamison Steeve: No. The draft reports are typically, as I say, dealt with at a different level. This is the first time I've had a chance to meet the Auditor General, so no, my involvement on draft reports is nil.

Mrs. Liz Sandals: Nil. Okay. That's very useful for us to know.

You did make reference to the letter, and I'm sure that people are interested in your response to the infamous letter of January 19, on which you are copied. Do you want to tell us a little bit about what would have happened when that letter arrived in your correspondence pile?

The Chair (Mr. Norm Miller): You have a couple minutes.

Mrs. Liz Sandals: That's fine.

Mr. Jamison Steeve: Certainly. I get a series of correspondence on a daily basis, whether it be email or letter. I was one of many parties copied on the letter, as has been noted in this committee. I was not the direct recipient of the letter. It was addressed to Minister Matthews.

Also, Mr. Alfred Apps had called me in December to ask if I could set up a government-wide briefing for him to come and talk to various ministries. I didn't think it was appropriate for me to do that. I recommended that he contact the Ministry of Health to set that up. I think that's probably what gave rise to the letter being addressed to the Ministry of Health.

When I received the letter, I knew that a briefing was taking place. I reviewed the first couple of pages, understood that the briefing and the letter were more for

informational purposes and knew that if items were to arise that were necessary to be flagged for me, they would be by those people who were being briefed.

So, number one, my approach to the letter was similar to that which I am c.c.'d on a series of letters, and number two, since I knew a briefing was taking place and I was dealing in the context of January of any given year—in January 2011, cabinet briefings, cabinet agendas, drafting the legislative agenda for the final session of our second mandate, a budget and, I think at the time, negotiating an MOU with the city of Toronto for a new transit deal.

Mrs. Liz Sandals: And we won't get into that one. That's another story. Thank you.

Mr. Jamison Steeve: Absolutely.

The Chair (Mr. Norm Miller): Thank you, Liz. Frank?

Mr. Frank Klees: I'd like to go back to the performance agreement. You said you weren't integrally involved in developing that performance agreement, but you also said that you would have become familiar with it when it made its way to Management Board of Cabinet for the submission.

Mr. Jamison Steeve: No. I'm sorry. I believe what I stated is that typically when something goes forward to Management Board or treasury board, the policy advisers are more responsible for those items that are going through policy committee and/or cabinet. So I was aware that something was going forward to treasury board, but that would not have been my direct responsibility as a policy adviser.

Mr. Frank Klees: So you never saw the performance agreement?

Mr. Jamison Steeve: I have no recollection of seeing the policy agreement, no.

Mr. Frank Klees: I would like to follow up with you on the issue I raised with Mr. Smitherman and get your perspective on this. Again, I really believe that all of this could have been avoided—the scandal side of this—if the financials had had proper oversight.

You've heard the description that Deputy Sapsford gave when asked at this committee back in 2006 how he views the relationship between Ornge and the Ministry of Finance. His response was that, given that some \$115 million is being transferred from the government to Ornge, in his view this is a transfer agency. Do you agree with that characterization?

Mr. Jamison Steeve: I believe that what has been put forward, both at this committee in these hearings and again probably by former Deputy Sapsford at the time, was that there was a contractual relationship with Ornge and there was a flow of money for the provision of particular services. So I think that's probably a fair characterization.

Mr. Frank Klees: Based on that, it was the Ministry of Finance that saw that arrangement, looked at what was happening early on in the game, in terms of how the financials were being organized at Ornge, and they made the approach, as I understand it, to bring those financials

under the auspices of the Ministry of Finance, into its consolidated statements, as it does with every other transfer agency.

The information that I have is that Ornge strongly objected to that. Because they weren't getting anywhere, they retained the services of Alfred Apps and Don Guy, who, according to information that was given to me by someone who was there at the time—through their efforts they contacted you, and that message, that they don't want to be overseen by the Ministry of Finance, was sent to you through Jennifer Tracey, who you know. And I assume that you were working with her in the Premier's office before she went to Ornge, right?

Mr. Jamison Steeve: She had worked in our communications department, in the Premier's office, yes.

Mr. Frank Klees: What do you recall about that message that was sent to you?

Mr. Jamison Steeve: Upon hearing you mention it in this committee, I have no recollection of any interaction; Jennifer Tracey would call me on occasion, far more on communications aspects as they related to Ornge. I have no recollection of their concern of being consolidated on to the government books. And even at that, I have no recollection of moving on any information that would keep them off of the government books.

Mr. Frank Klees: Do you agree that that was the right thing for the Ministry of Finance to do, to at least make the effort to bring those financials under the Ministry of Finance?

Mr. Jamison Steeve: That would be a question for the Ministry of Finance and what they were trying to do from a financial perspective. That would have been beyond my scope and something I would have relied deeply on the Ministry of Finance's advice.

Mr. Frank Klees: And you never discussed Ornge with Don Guy?

Mr. Jamison Steeve: No.

Mr. Frank Klees: Did you ever discuss Ornge with Mr. Apps?

Mr. Jamison Steeve: I did. As I said, my most recent conversation with Mr. Apps around Ornge would have been in December 2010, when he contacted me and asked me in my role as principal secretary to set up a cross-government briefing for what was contained in the letter of January 2011. At that time, I advised him that it was not appropriate for me to do so, and it wasn't something that typically fell within my job description, to set up cross-government briefings. I encouraged him to speak with the Ministry of Health, as that is who the direct relationship was with, and he went about doing so.

Mr. Frank Klees: Was Mr. Apps registered as a lobbyist at the time?

Mr. Jamison Steeve: I'm not aware if he was or was not. I know that, upon review of the letter in preparation for this committee hearing, there are statements in the letter that they are in no way lobbying.

Mr. Frank Klees: As you observe the debate in the House on this issue, as someone who was present at the Ministry of Health, as someone who's been integrally

involved in policy development, I'd be interested to know from you whether you believe that the Ministry of Health, as we heard from the auditor, did in fact fail in its oversight responsibilities?

Mr. Jamison Steeve: I think we as a government, from top to bottom, could have done a better job. I think that's what the Auditor General pointed out in his report. I think that the performance agreement that was set up—I think you, in the previous comments, felt that it was substantial enough. I think what we've learned is that there were actions and behaviours that took place beyond the scope of the performance agreement; that the government, both ministry and ministers alike, once we became aware of situations, moved on them swiftly. Obviously, our oversight needs to be improved, and that's what we're trying to do with the new performance agreement and the new piece of legislation.

Mr. Frank Klees: I'm certain you reviewed this file extensively. Can you tell me how many former staff, either in the Premier's office or ministers' offices, went to work at Ornge—some of whom are still there? Can you tell me that?

Mr. Jamison Steeve: I've definitely reviewed my interactions on the file, sir, in preparation for the committee, but I can't answer your question. I have no idea how many former staff—ministers' offices or Premier's office—work at Ornge.

Mr. Frank Klees: Can you think of one?

Mr. Jamison Steeve: You named one: Jennifer Tracey is a former Premier's office staff who, I believe, still works at Ornge.

Mr. Frank Klees: You can think of no one else?

Mr. Jamison Steeve: No. There was a former staffer—

Interjection.

Mr. Jamison Steeve: Thank you.

There was a former staffer, Scott Lovell, who—

Mr. Frank Klees: And what was his role in the ministry before?

1350

Mr. Jamison Steeve: He worked in the minister's office, not the ministry. He was stakeholder relations under Minister Smitherman. I'm not sure what his position at Ornge would have been.

Mr. Frank Klees: No one else?

Mr. Jamison Steeve: Not to my knowledge.

Mr. Frank Klees: Interesting. Thank you very much.

Mr. Jamison Steeve: Not at all.

The Chair (Mr. Norm Miller): Thank you, and thank you for coming before the committee today—sorry. We have the NDP now to go. Go ahead.

Mr. Jagmeet Singh: Good afternoon.

Mr. Jamison Steeve: Good afternoon.

Mr. Jagmeet Singh: I just wanted to ask a question about your oversight. You helped with the initial set-up of Ornge: Is that correct?

Mr. Jamison Steeve: No. I would be involved in the policy development that led to the initial legislation

around Ornge, but I think it would be an extension of my role to say that I helped in the initial formation of Ornge.

Mr. Jagmeet Singh: Sure. So you were involved in the policy development, but not the actual implementation of the Ornge organization.

Mr. Jamison Steeve: That's correct.

Mr. Jagmeet Singh: Okay. In the policy set-up, what was your involvement with the policy set-up?

Mr. Jamison Steeve: My involvement would have been dealing with policy as it came through committee and to cabinet, and providing information to the Premier as it came through.

Mr. Jagmeet Singh: Specifically with respect to Ornge, what was your input in terms of Ornge policy development?

Mr. Jamison Steeve: The role of a policy adviser in the Premier's office versus that in a minister's office is more of an oversight role. The direct creation of materials would come more from the ministry and the minister's office level. Mine would be more of a commentary and/or input at a higher level rather than the creation of it at the ground level.

Mr. Jagmeet Singh: So what was your input, then, on a high level with regard to Ornge?

Mr. Jamison Steeve: I don't have any recollection of any dramatic input into the document. It seemed that we were consolidating a number of services into one not-for-profit entity for the purposes of improving both efficiency and patient safety.

Mr. Jagmeet Singh: Okay. And did you have any input, then, in terms of how the care was to be delivered or the way it was to be organized?

Mr. Jamison Steeve: No.

Mr. Jagmeet Singh: When this was set up, you were chief of staff to Mr. Smitherman. Is that correct?

Mr. Jamison Steeve: No, that's not correct. I was chief of staff from November 2007 until June 2008, and I believe the time frame that you're talking about is in the 2005-06 era.

Mr. Jagmeet Singh: That's right. In terms of oversight, are there any policy considerations in terms of how one should oversee an organization such as Ornge?

Mr. Jamison Steeve: I think many of those policy considerations are addressed in the Auditor General's report. I think you're looking at issues of service provision, the expenditure of the public dollar, as well as, in health care in particular, the outcomes that are achieved by way of the service.

Mr. Jagmeet Singh: Were any of these considerations—to your knowledge, were they ever executed in terms of, were there any requests made to follow up with Ornge in terms of their patient care or their salary disclosures or any sort of demands? Were any demands made that you're aware of?

Mr. Jamison Steeve: Based on the roles that I have held in government since I've worked here, those would not be issues and items that would come across my desk, so I can't speak to the question.

Mr. Jagmeet Singh: At any point in time, did information regarding salary disclosure or the lack of salary disclosure with respect to Ornge come across your desk—just that issue in general?

Mr. Jamison Steeve: No. When I was chief of staff—I stopped in 2008, as I said—I believe, based on the information that's come forward to this committee in the last year, that Dr. Mazza was on the sunshine list, and after that, in my role as principal secretary, the inclusion or exclusion of folks on the sunshine list isn't necessarily something that would come across my desk.

Mr. Jagmeet Singh: When did this issue reach the Premier's office in general, the Ornge scandal?

Mr. Jamison Steeve: I would say probably post-election in 2011, when we had the issues and the stories both in the Toronto Star and in the questions being raised in the House, more and more alive to the issue. Obviously, we'd had the Auditor General's review taking place, I believe, as of late 2010. As items started to become more clear as to possible malfeasance happening at Ornge, I think that's when it became aware to the Premier's office in general.

Mr. Jagmeet Singh: Before this scandal broke in the news, just to give you one more opportunity, was there any information or any inkling of anything going on at Ornge that crossed your desk that would have been in the Premier's office before what you've indicated, the post-election period after October 6?

Mr. Jamison Steeve: In my time on both the health file and then as chief of staff, there was nothing that had come to my attention about the service levels or anything happening at Ornge that would give rise to concern. In my time as principal secretary going forward until post-election, I believe there were some questions in the House raised by Mr. Klees in April 2011. Did that come across my desk? Not necessarily, but I think obviously when something is raised in the House, it becomes an issue, definitely, for the minister, if not folks who deal with legislative affairs in the Premier's office.

Mr. Jagmeet Singh: Okay. I just have a final question and then my colleague will take on.

In 2010, this issue was raised by Howard Hampton in the public accounts committee. Were you aware of the question being raised about salary disclosure? And was there anything that your office did?

Mr. Jamison Steeve: I was not made aware of the questions being raised in estimates. That's typically something that would be dealt with more by legislative affairs and issues management.

Mr. Jagmeet Singh: Thank you.

Mr. Jamison Steeve: Thank you.

M^{me} France Gélinas: You said that Mr. Apps called you in December 2010.

Mr. Jamison Steeve: Correct.

M^{me} France Gélinas: Any idea why he would call you?

Mr. Jamison Steeve: Certainly. I would say for two reasons. Number one, my role is one that often gets those types of requests for meetings with the Premier, for

briefings, who should they contact within government. And number two, as I stated in my opening statement, I had practised law at Fasken Martineau, so while I didn't practise with Mr. Apps, I would have been a known entity to him as someone who was a junior associate there for almost two years.

M^{me} France G  linas: Did he leave you with any impression whatsoever that he was using that previous knowledge and influence to try to gain what he wanted from you?

Mr. Jamison Steeve: Two aspects: Number one, I think I'd take exception to the notion of previous influence. He would know me from my interactions at the law firm. But, no. He thought that it was a good place to start, was my sense, in an effort to try to brief across government on a series of issues. I advised him to talk to the Minister of Health and that the Ministry of Health was the best way to go.

M^{me} France G  linas: When he talked to you, did he make any statements regarding his involvement with the Liberal Party?

Mr. Jamison Steeve: No.

M^{me} France G  linas: He didn't introduce himself as to what position he had within the Liberal Party?

Mr. Jamison Steeve: No.

M^{me} France G  linas: Do you know?

Mr. Jamison Steeve: At the time, I believe he was president of the federal Liberal Party.

M^{me} France G  linas: You knew this when he called you?

Mr. Jamison Steeve: Yes.

M^{me} France G  linas: You were in your present position when Minister David Caplan was asked to resign. When you were there with the Premier, did you ever ask the Premier to let Mr. Caplan go?

Mr. Jamison Steeve: No. I wouldn't have that type of authority or influence. At the end of the day, that's a decision of the Premier.

M^{me} France G  linas: So Mr. Caplan found himself embroiled in a scandal not much different than what we're going through right now and the Premier asked him to resign. And you knew nothing about this?

Mr. Jamison Steeve: No. I knew that the process was under way, but the question previously was if I had advised the Premier to ask for Minister Caplan's resignation. That was not advice that I gave.

The Chair (Mr. Norm Miller): You have a minute left.

M^{me} France G  linas: Okay. Have you spoken to the Premier about Ornge?

Mr. Jamison Steeve: I have spoken to the Premier about Ornge, yes, primarily in my role as principal secretary in the development of policy going forward, particularly in response to the Auditor General's report, the drafting of the next performance agreement and the drafting of the legislation. That would be the primary way that I would speak with the Premier about Ornge.

M^{me} France G  linas: When was the first time you talked to the Premier about Ornge?

Mr. Jamison Steeve: Two ways: Number one would have been in my interactions back in 2005-06 in the drafting of the legislation and the creation of the policies that were going through committee and through the cabinet. Speaking to the issues that are central to the discussion here at this committee, the first time I would have spoken with the Premier probably would have been in December 2011 or January 2012.

M^{me} France G  linas: After Mr. Apps called, did you make any calls or—

The Chair (Mr. Norm Miller): Thank you. We're out of time, I'm afraid.

M^{me} France G  linas: That's just a yes or no question.

The Chair (Mr. Norm Miller): Okay. Go ahead with that.

M^{me} France G  linas: After you talked to Mr. Apps, did you send an email? Did you make a phone call? Did you do any follow-up regarding his request?

Mr. Jamison Steeve: I contacted Mary Lowe, who was the chief of staff at the Ministry of Health, and advised her that I thought she would be the best person to arrange the briefings that Mr. Apps was looking for.

M^{me} France G  linas: Can I have a copy of that email?

Mr. Jamison Steeve: I called her.

M^{me} France G  linas: You called?

Mr. Jamison Steeve: Yes.

The Chair (Mr. Norm Miller): Thank you very much. Thank you for coming in today.

Mr. Jamison Steeve: Thank you.

Mr. David Zimmer: Just while we're getting organized for the next witness, just a point of order, which is really in the nature of asking some advice from counsel, because I expect this will come up from time to time.

1400

In Mr. Klees's round of questions, he posed a question with this premise: "I happen to know from someone who told me such and such," and then, based on that, put a question to the witness which sort of said, "I know this from so and so." He didn't disclose the name or how he got that information and he used that as the basis of a question to the witness. So that's in the nature of using a hearsay statement, if you will, to ask a question or contradict the witness.

Is that something that, in your judgment—the name of that person, or if it's a document; for instance, someone says, "I've seen a document that," and then puts a question—this committee should have, the identity of that person or the copy and identity of that document, to help the work of the committee?

The Chair (Mr. Norm Miller): Cathy?

Ms. Catherine Beagan Flood: Does the committee want me to provide my response at the moment in public or do you want me to send you a privileged memo on that issue?

Mr. David Zimmer: Well, I'm more concerned to get the answer so that—and I expect it may well come up in the future—we can deal with it then. I mean, Mr. Klees has already asked his question, set it up like that. So

what's the best way to deal with this to ensure that we're being fair to everybody and all the members of this committee have the background documents that any of us, on either side of the House, are basing our approaches on?

Ms. Catherine Beagan Flood: So two points: First of all, the rules of hearsay don't apply within this committee in the way that they would in a court of law. So questions that rely on hearsay or on information that was obtained from someone else could be put to a witness here.

In terms of whether the name of the individual needs to be provided or the name of the document needs to be provided, I think if the witness requires more information—we have told the witnesses that they are free to ask for clarification of a question, so they are aware of that. If other members of the committee feel that a document is needed by them, they can certainly ask the Chair for direction that a document be provided.

Mr. David Zimmer: Would it be open to—I accept your second point. One question on your first point: Would it be open to a committee member if a question, as Mr. Klees raised earlier—I mean, you're telling us that the witness could say, "Well, who told you that so I can respond to it intelligently, carefully." Could a committee member say, "Mr. Klees, who told you that so we can do our homework?"

Mr. Frank Klees: No.

Mr. David Zimmer: Well, I'm asking the counsel, and that's why we've engaged the—on the first point.

I think you've said the witness could ask for the identify of the—

Ms. Catherine Beagan Flood: What I've said is if a witness requires clarification to be able to respond to a question, they're entitled to ask for that clarification. The Chair can then rule if there's an issue about that. Similarly, a member can ask for a document and the Chair will rule.

These issues are more issues of procedure of the legislative committee than strictly legal issues, given that the rules of hearsay don't apply here.

ORNGE

The Chair (Mr. Norm Miller): If we can call our next witness, please, Mr. Ian Delaney, the board chair of Ornge. Welcome to the committee, Mr. Delaney.

Mr. Ian Delaney: Thank you.

The Chair (Mr. Norm Miller): Did you already receive the "Witnesses Appearing before the Standing Committee on Public Accounts" information?

Mr. Ian Delaney: A horrifying document. Yes, I did.

The Chair (Mr. Norm Miller): Good. Thank you for coming today. We appreciate it. The clerk will swear—

The Clerk of the Committee (Mr. William Short): Mr. Delaney, if you could just raise your hand.

Do you solemnly affirm that the evidence you shall give to this committee touching the subject of the present inquiry shall be the truth, the whole truth and nothing but the truth?

Mr. Ian Delaney: I do.

The Clerk of the Committee (Mr. William Short): Thank you.

The Chair (Mr. Norm Miller): You have five minutes to make an opening statement, and there are eight minutes for each party to ask questions of you. So please go ahead.

Mr. Ian Delaney: Thank you. I'll be very brief, not much of an opening statement.

I am the chair of the new board of Ornge, which has been in place for two months. This is, as members of the committee may know, a volunteer position. I was very honoured to be asked to do this. Similarly, the board that has been selected, I can certainly assure the members of this committee, is a very high-quality board. These are dedicated people who in the last two months have undertaken an enormous amount of work to begin to move the Ornge organization forward in a fashion that would make Ontarians proud. That's all I have to say for the moment.

The Chair (Mr. Norm Miller): Thank you. The PC Party gets to begin questioning today. Mr. Klees.

Mr. Frank Klees: Thank you, Mr. Delaney, for your time. I'm tempted to start off by asking what the share values are, but I won't do that.

First of all, thank you for your volunteer efforts. It's a huge job that you have, and I'd like to start by asking from whom you got the call, to begin with, to invite you into this role.

Mr. Ian Delaney: Well, I'm not entirely sure how my name came up, but the call came from one of the Premier's assistants, whose name I cannot remember. I've never met the person face to face.

Mr. Frank Klees: You know the Premier personally, do you?

Mr. Ian Delaney: No, I don't.

Mr. Frank Klees: Do you know anyone in the government personally?

Mr. Ian Delaney: No, I don't.

Mr. Frank Klees: You must have some sense—you must have asked, "Why are you calling me?" What was the response?

Mr. Ian Delaney: I didn't ask that question. I was quite pleased to get the call. I stepped down in early January from my primary occupation as the chief executive and chairman of Sherritt International Corp., which is the place where I spent most of my time. I'm still the chairman of that organization, but I've given up most of my day-to-day duties, and I'm assuming it came to someone's attention that I might be looking for gainful employment.

Mr. Frank Klees: I'd like to ask about your role as chair. What is your mandate? What is it that you've been asked to do?

Mr. Ian Delaney: I've been asked to chair the company in conventional fashion and terms, and the board of directors is responsible for oversight of the operations of Ornge; the formulation, together with the ministry, of

strategy; and to ensure the strategy gets implemented in light of the operations.

Mr. Frank Klees: What was the formal process of your appointment and the appointment of the other members of the board?

Mr. Ian Delaney: The previous board—let me say at the outset that I have very little knowledge of what went on prior to the appointment of the current board. I made it very clear to the minister at the time that I had no interest in presiding at an inquest; I was more than happy to take on the challenge of moving the corporation forward. So my knowledge of what went on before, other than with respect to tidying up several of the corporations in this complex structure, is pretty much what's in the Auditor General's report and in the press.

So, narrowly, the previous board was asked to resign, and my understanding of the legal position of that would be that they were asked to resign, and nobody could compel them to resign by the very nature of the corporate structure. So they volunteered to resign, you would say, and at the same time the six new members of the board agreed to voluntarily be appointed.

Mr. Frank Klees: More specifically, my question is, who appointed you?

Mr. Ian Delaney: The minister. The minister asked us to serve.

Mr. Frank Klees: But there is a formal process. Do you have some documentation? Was it an order-in-council appointment? I'm trying to get a sense here of what the line of responsibility is.

Mr. Ian Delaney: Well, the line—as you may know, the structure under which the corporation acted for most of the recent period of history was a federally chartered non-profit organization, and as such, it had two, if you will, administrative classes. As a charity, which is what it was, there are members of the charity, and it's the members of the charity who actually appoint the board. So in the prior organization, the prior structure, the members actually were also the board, so they not only resigned as board members, they resigned as members of the charity. Technically, we became the members of the charity by the sponsor, which was the minister, and then from that, we became the board. Now, that structure—

Mr. Frank Klees: Just for clarification, you're saying by the minister as the sponsor?

1410

Mr. Ian Delaney: Yes, as the stakeholder, if you will.

Mr. Frank Klees: I don't understand. The previous structure I understand—or I think I do. The members appointed themselves—

Mr. Ian Delaney: Yes, as directors.

Mr. Frank Klees: —as directors, and they volunteered to resign?

Mr. Ian Delaney: Yes.

Mr. Frank Klees: That structure is still there, the corporate structure?

Mr. Ian Delaney: It's slightly changed now, but—

Mr. Frank Klees: Now they're resigned, and you're saying that the minister appointed you—

Mr. Ian Delaney: As members.

Mr. Frank Klees: —as members.

Mr. Ian Delaney: I don't mean to be too vague on the point. I'm sure there's a lawyer in the room who's more competent at this than—

Mr. Frank Klees: Feel free to just say you don't know. What I'm concerned about is that we're coming out of a mess—

Mr. Ian Delaney: Yes.

Mr. Frank Klees: —an entangled mess, and hopefully, we're bringing some clarity to the new structure.

Mr. Ian Delaney: Well, let me talk about the new structure, if I can.

Mr. Frank Klees: Okay.

Mr. Ian Delaney: The old structure was cumbersome and lent itself to behaviour that was less than transparent.

Mr. Frank Klees: In that case, could I—

Mr. Ian Delaney: I would like to answer the question. May I?

The Chair (Mr. Norm Miller): Go ahead, please.

Mr. Ian Delaney: I think it's useful for general knowledge.

The better and more appropriate structure would be to shift the federally chartered not-for-profit organization to a provincially chartered not-for-profit corporation. That's a two- or three-step process, which we are two steps into at the moment. The ultimate position would be to have Ornge, the top Ornge company, as an OBCA corporation. That gives the provincial government more ability to intervene directly, which it couldn't do in a federally chartered corporation to the same extent.

We have to go through a two-step process at the federal incorporation. The third step will take place sometime in the next 30 or 60 days, which will result in the Ornge corporation, the top corporation, of which I am the chairman, being an OBCA corporation with a much clearer line of authority by the minister to the corporation.

Mr. Frank Klees: I just have one very quick question, if I might.

The Chair (Mr. Norm Miller): Very quick.

Mr. Frank Klees: Public companies and other private companies—there are certain liabilities that a director takes on when they accept an appointment.

Mr. Ian Delaney: Yes.

Mr. Frank Klees: Could you just comment very briefly on what obligations you, as the chair of the board, and your new directors have taken on? What liabilities do they take on in their new roles?

Mr. Ian Delaney: Well, there are very real liabilities. We are the first line of defence, and we are charged with executing those responsibilities. Failure to do that does expose us to liability. It's like any corporation anywhere. The directors are responsible for outcomes.

In most of the cases, there's no personal liability other than for certain specified acts: wilful bankruptcy and things like that.

Mr. Frank Klees: Do you intend to pursue—

The Chair (Mr. Norm Miller): Thank you. I'm sorry; you're overdue of time. If we can move on to the NDP. France.

Mr. Ian Delaney: Sorry. I'm enjoying the line of questions.

M^{me} France Gélinas: Hopefully, I'll be just as enjoyable.

You come from Sherritt, a very well-diversified global company. Ornge is a fraction of the size of Sherritt, where you come from, and certainly is far less diversified than where you used to work. Given that, would you describe Ornge's previous corporate structure as understandable?

Mr. Ian Delaney: I am no stranger to complex corporate structures.

M^{me} France Gélinas: We know that.

Mr. Ian Delaney: So I certainly understood it. It was a structure which lent itself to a lack of transparency, both by virtue of being a federally chartered not-for-profit corporation and then by virtue of having arm's-length corporations apart from that. It's certainly not the most complex corporate structure I've ever seen, but it did differ in a couple of ways. One is that on many of these subsidiary corporations or related corporations, the board of directors of the top company also served as directors of these subsidiaries or related corporations.

In any of the structures that I would ever work with or set up, we wouldn't allow that because that causes the board itself to have differentiated interests. And so while some of those corporations endured today and must endure for some period of time simply because they hold licences or other things which can't be transferred instantly, we've cleaned up most of the completely redundant corporations. But the better business practice would be that the board of directors of the top company only serves as directors of the top company. In all the other corporations, the boards are populated by staff and you really treat them not as corporations; you really treat them as divisions so that you have an undifferentiated interest in the top board.

M^{me} France Gélinas: Aside from, as you said, to take away from transparency and giving the ability to move money around, could you think of a useful purpose for the corporate structure that was developed at Ornge?

Mr. Ian Delaney: Usually when these corporations are set up, they are done to either isolate liability, minimize tax. They're typically set up for some kind of advantage. I think the—I don't know; I wasn't there—the nomenclature that has evolved is the for-profit and the not-for-profit. Splitting them into the for-profit and not-for-profit clearly was a business intent, to conduct a business away from the principal federally chartered corporation.

M^{me} France Gélinas: So you see nothing else. Would you recommend some kind of a modified structure like this for Ornge right now?

Mr. Ian Delaney: No, not right now.

M^{me} France Gélinas: Is there any purpose that this could serve?

Mr. Ian Delaney: No. Our task for the next couple of years is very straightforward application of basic business principles to rebuild the leadership of Ornge and re-establish the credibility of the corporation. Our first and foremost preoccupation is safety; secondly, it's efficiency, so we have to spend a great deal of time on the oversight in those two areas, but the more fundamental building process that needs to go on in the next two years is a new class of leadership and reaffirming the brand.

M^{me} France Gélinas: So this idea that the knowledge skills that have been developed in air ambulance in Ontario could be exported to other areas so that Ontarians would benefit from this—this is no longer on?

Mr. Ian Delaney: In the short term I don't believe it is, because in the short term I don't believe we have the credibility.

M^{me} France Gélinas: And have you ever contributed to a political party?

Mr. Ian Delaney: Yes, I have.

M^{me} France Gélinas: And which one was it?

Mr. Ian Delaney: Years ago, not recently, to the Liberal Party.

M^{me} France Gélinas: Thank you.

Mr. Jagmeet Singh: Just touching on that corporate structure: This is, for all intents and purposes, a quasi-public institution, the fact that it's primarily funded through the public. If you were to see this corporate structure in something that was a quasi-public institution—first of all, do you agree with me that that's a fair assessment, that it's a quasi-public institution?

Mr. Ian Delaney: No, I think it's a public institution. There's nothing quasi about it.

Mr. Jagmeet Singh: Okay, fair enough. Nothing quasi about it—that's even better. Then given that it's a public institution, did that corporate structure—if you looked at that, would that raise some concerns that there's something going on here that doesn't make sense?
1420

Mr. Ian Delaney: At arm's length? I don't think it would. As I say, I'm no stranger to complex corporate structure. Goodness, I don't even know.

In various of my companies, I suspect a number of corporate entities—they vary by jurisdiction, they vary for tax effect, they vary because you want to isolate liability, you want to isolate a problem. Sometimes you have differentiated ownership in subsidiary corporations, partnerships and the like.

So there's nothing a priori in looking at that organizational—that corporate layout that would have said to me this is inappropriate. Clearly, when you delve into it, as your committee has learned and only from what I know in the papers and the Auditor General's report, all was not as it seemed.

Mr. Jagmeet Singh: One last question and then I'm going to leave it over for my colleague.

Being a public institution, should it have been set up the way it was set up, in your opinion?

Mr. Ian Delaney: Well, it's an interesting—well, the—

The Chair (Mr. Norm Miller): You have two minutes.

Mr. Ian Delaney: The concept of a charitable organization to do this is not a new model. I don't know for a fact, but I suspect that people were looking out to western Canada, to the province of Alberta, for instance, to the STARS model, their Shock Trauma Air Rescue Society, which is also a charitable organization—very successful. It's been going for 25 years. It's an organization with whom we are trying to get some exchanges of information set up. I suspect it was the model. The STARS organization, in order of magnitude, is 70%, 72%, 73% funded by donations, and I think that was the original model for Ornge.

Mr. Jagmeet Singh: Okay. Thank you very much.

The Chair (Mr. Norm Miller): You have 30 seconds.

M^{me} France Gélinas: Okay. We know that Dr. Mazza owes a lot of money to Ornge. How much effort and what kind of effort are you putting into getting in touch with Mr. Mazza so that he pays his debt to Ornge?

Mr. Ian Delaney: I'm putting zero effort into it. It's in the hands of lawyers.

M^{me} France Gélinas: It's in the hands of lawyers? Okay. Thank you.

The Chair (Mr. Norm Miller): Thank you. To the government, Ms. Sandals.

Mrs. Liz Sandals: Just following up on that last line of questioning—not about Dr. Mazza but about corporate structure because you're obviously much more comfortable with corporate structures than most of us on the committee. When I looked at the organization chart, I found it bewildering, but I think what I hear you saying is that, as somebody who's familiar with looking at complex corporate organizations, you didn't find it unusually bewildering, that the structure in and of itself was not a red flag.

Mr. Ian Delaney: No. In and of itself, it wasn't. As I did mention, however, the one thing that instantly would have been a red flag was the fact that you had different directors serving on different organizations, and that sets up differentiated interests on the part of the top board, which is not a structure that I would tolerate.

Mrs. Liz Sandals: Okay. But just looking at the org chart—

Mr. Ian Delaney: Just looking at the corporate structure itself, no.

Mrs. Liz Sandals: —didn't necessarily send one off in a rage?

Mr. Ian Delaney: No, no.

Mrs. Liz Sandals: Okay. Because I think for those of us who aren't used to org charts, we look at that org chart and say, "Oh, my goodness," but that's more a reflection on us than it is on the organization. You can say yes; it's okay. I won't be insulted.

Since you were appointed as the chair, obviously there have been a number of things that have happened, but two of the significant things are, there has been a new performance agreement signed, there has been new legislation tabled, and I'm sure you're quite familiar with

the new legislation. How do those two things change the relationship between the ministry and Ornge?

Mr. Ian Delaney: Well, it gives the minister and the ministry much more authority to intervene in the event that they are uncomfortable with outcomes. It troubles me not at all. I think the new performance agreement is perhaps overly restrictive in some regard, but it's a natural consequence of going from one that didn't work to a slight overcorrection the other way. But it troubles me not at all because at bottom, it deals with transparency and integrity, and I can assure you, having worked with our board and from my own standards and the standards that we have agreed to adopt as a board and the natural inclination of the other board members, that our own particular standards would transcend anything the minister might want.

Mrs. Liz Sandals: And how important is that legislation in terms of shifting those accountability structures that were in place in the past and will, if the legislation is passed, be in place in the future?

Mr. Ian Delaney: Not at all, really. It provides the ability for more direct intervention, quicker intervention. It does give the ministry more rights to information audit and the like, but that is not in any way at odds with the basic operation of the business, and I don't anticipate it's going to be in any way a drag on our board, simply because our board has higher standards than that performance agreement.

Mrs. Liz Sandals: So from the point of view of the operation of Ornge as currently structured, or as currently evolving, it gives you the flexibility to be an excellent ambulance service, it gives the ministry the opportunity to have the accountability, if needed—and I'm not accusing you of in any way attracting the need, but were anything in the future to go off the rails, it gives the ministry additional opportunities to step in.

Mr. Ian Delaney: It does, and none of that is troubling to me by way of operation. There's a modest increase in expense in terms of reporting and monitoring, but in the main, it's certainly not a drag on what our board considers to be our challenge and our opportunity, frankly.

Mrs. Liz Sandals: You made reference to having relatively little interaction with the previous problems at Ornge, but I'm wondering if in your role as board chair, since you've been there, whether you've seen any indicators that the previous management at Ornge had deliberately misled, deliberately provided misleading information to the minister or the ministry?

Mr. Ian Delaney: I don't; I'm being intentionally obtuse on these points. At the present time, if there is a drag on management, I think we've got five sets of auditors in there looking at different things. It makes the current operation a little tedious, but I have no interaction with those auditors, and other than reading the Auditor General's report, I have no particular knowledge.

To the extent that you stopped the problems, the problems have been stopped. The corporate structure has been clarified, a redundant corporation has been put into

bankruptcy, management which were found to be wanting have been sent away. So our immediate priorities are new leadership, getting new leadership—always, always, always subordinate to the safety factor. But I must say that we've got good material to work with. Our board is completely engaged. Many of our board members have travelled as far afield as Sudbury and Thunder Bay to get right down on the ground and look at issues and talk to people. I, myself, have talked to pilots and paramedics from Toronto, Timmins and Thunder Bay. Before the passage of many more months, I think our entire board will have been to all our bases for an on-the-ground session with front-line people. The front-line people are marvellous. They are dedicated—

The Chair (Mr. Norm Miller): You have a minute and a half.

Mr. Ian Delaney: We have absolutely no concerns at all about the dedication and professionalism of our front-line people. Our pilots, our mechanics, our critical care, our advanced care people are all committed and they are all terrific. We have the benefit of one of the most modern fleets of aircraft in the world, and all of the questions and issues associated with the Pilatus aircraft and the AW139—this is something I do know; I do have a little specific knowledge. These are very successful aircraft and the most modern aircraft, the most modern fleet of its kind and the largest fleet of its kind anywhere on the planet. So we have real material to work with. I don't foresee any issue at all in re-establishing the credibility. It's very straightforward—not simple, but it is straightforward, what needs to be done, and our board is just committed to doing it.

1430

Mrs. Liz Sandals: Thank you very much for your presentation, and thank you very much for coming back this afternoon. We appreciate that, you rearranging your schedule.

Mr. Ian Delaney: I'm available at your pleasure.

The Chair (Mr. Norm Miller): Thank you very much. We very much appreciate that you came in, Mr. Delaney.

Mr. Ian Delaney: Thank you.

MINISTRY OF ECONOMIC DEVELOPMENT AND INNOVATION

The Chair (Mr. Norm Miller): Our last presenter today is Cathy Worden, chief of staff of the Ministry of Economic Development and Innovation. Welcome.

Ms. Cathy Worden: Thank you.

Mr. David Zimmer: I was going to ask him while I had him here why, when I drive down through the cities and towns of North America, do I drive down one week and it's a Sheraton Hotel and I drive down the next week and it's become another hotel and another hotel? But I didn't get a chance.

Interjection: I think it wasn't the Sheraton. It was the—

Mr. David Zimmer: Oh, I thought he said Sheraton.

The Chair (Mr. Norm Miller): No, it's Sherritt International.

Interjections.

The Chair (Mr. Norm Miller): Just to confirm, you've received the "Witness Appearing before the Standing Committee on Public Accounts" information?

Ms. Cathy Worden: That's correct. I have, yes.

The Chair (Mr. Norm Miller): Thank you. And the clerk will swear an oath, then.

The Clerk of the Committee (Mr. William Short): If you'd just raise your hand, Ms. Worden.

Do you solemnly affirm that the evidence you shall give to this committee touching the subject of the present inquiry shall be the truth, the whole truth and nothing but the truth?

Ms. Cathy Worden: I do.

The Clerk of the Committee (Mr. William Short): Thank you.

The Chair (Mr. Norm Miller): And the NDP gets to go first this time.

M^{me} France Gélinas: She has no statement?

The Chair (Mr. Norm Miller): Oh, sorry.

Ms. Cathy Worden: I do have a statement.

The Chair (Mr. Norm Miller): You have a five-minute statement and then the NDP will go first.

Ms. Cathy Worden: Thank you.

Good afternoon, Mr. Chair and members of the public accounts committee. I would like to provide a brief opening statement, and then I would be happy to answer any questions you may have.

My name is Cathy Worden and I currently hold the position of chief of staff to the Minister of Economic Development and Innovation.

From April 2010 until November 2011, approximately 19 months, I was honoured to work for the Premier of Ontario as a policy adviser. In my role as policy adviser, I had several areas of policy responsibility: transportation and transit, infrastructure, economic development and trade, research and innovation, and intergovernmental affairs.

My duties as a policy adviser included providing the Premier with strategic policy advice regarding the policy areas for which I was responsible, liaising with other offices here at Queen's Park, outside stakeholders and different levels of government, and, on occasion, I was required to travel with the Premier. I reported to the Premier's principal secretary and, on occasion, would report to other senior staff, including the chief of staff and our director of policy.

Regarding the January 2011 document from Ornge, I would like to make the following observations:

I have no recollection of receiving the January 2011 document from Ornge. I had many areas of policy responsibility while working in the Premier's office, and health policy and Ornge as an organization were not part of them. My only association with Ornge and the Ornge document of January 2011 is that I was c.c.'d on a document that was addressed to the Ministry of Health and did not fall under my areas of responsibility.

After seeing my name in the paper several weeks ago regarding the Ornge document, I did a search of my documents and email records. While I have no recollection of receiving the Ornge document, my records show that I sent an email to my colleagues in the Premier's office on January 31, 2011. The email simply indicates that we had all received the same document.

Finally, I had no further contact with anyone on this document. The document was addressed to the Ministry of Health, and the minister has taken action.

I would be happy to answer any questions you have for me.

The Chair (Mr. Norm Miller): Thank you. And now it's time for the NDP to ask questions. France.

M^{me} France G  linas: All right. You saw that you were copied on this document. You've now seen everything that has come about with Ornge. Looking back on this document and on the role that you played, why do you figure you were copied?

Ms. Cathy Worden: I can't speak to the intention of the individuals who wrote that document and who sent it. That's not something that I can speak to. I'm here to speak to the facts that I know and am aware of, and that's not something that I can speak to. You would have to ask the people who sent that document.

M^{me} France G  linas: So you have no idea?

Ms. Cathy Worden: Again, I can speak to what I know in terms of—

M^{me} France G  linas: I'm asking you your ideas.

Ms. Cathy Worden: I understand. I think you're asking me a hypothetical question, and as I stated in my opening statement, health policy and Ornge as an organization were not part of my responsibilities.

M^{me} France G  linas: You're not helping yourself here. I'm asking you, do you have any ideas why you were c.c.'d on this letter in January?

Mr. David Zimmer: Just a point of order: Perhaps, counsel, this is the sort of thing that we can seek your advice on, the appropriateness of that question.

The Chair (Mr. Norm Miller): It's not a question of the law, so you, as a witness, can answer what you're comfortable with, and if you have a question of our counsel, feel free to ask.

Ms. Cathy Worden: Absolutely. I understand the intent of the question. I don't know why I was c.c.'d. The only thing I can surmise—and I know that my current deputy minister, Wendy Tilford, was here earlier today and there were some trade missions. I can only surmise that that might be the only reason, but I can't speak to the intent. As I noted in my opening statement, health policy and Ornge as an organization weren't part of my responsibilities. I had had no dealings with Ornge as an organizations previously, at all. That was my first interaction, being CCed on a document that was addressed to the Ministry of Health.

M^{me} France G  linas: Do you know anybody at Ornge?

Ms. Cathy Worden: No, I do not.

M^{me} France G  linas: You don't know anybody? Okay. Have you been contacted by anybody from—we'll start with Alfred Apps. Has he ever contacted you regarding Ornge?

Ms. Cathy Worden: No. I have no recollection of any contact from him on Ornge.

M^{me} France G  linas: No? Have you ever spoken to the Premier about Ornge?

Ms. Cathy Worden: I have not.

M^{me} France G  linas: Not since the scandal came out? Never?

Ms. Cathy Worden: I have not.

M^{me} France G  linas: Okay. That's all for me.

Mr. Jagmeet Singh: Have you had any contact with Alfred Apps just in general terms?

Ms. Cathy Worden: No, I don't know him.

Mr. Jagmeet Singh: Okay. And at any point in time were you aware of Ornge and its for-profit schema or schemata in terms of corporate organization?

Ms. Cathy Worden: I was not. The first instance was when I saw things in the media and specifically with my name associated with the document.

Mr. Jagmeet Singh: Okay. And in the Premier's office, are you aware, in general, of when the issue of Ornge came up?

Ms. Cathy Worden: No. I would state I'm no longer in the Premier's office. I'm now the chief of staff to the Minister of Economic Development and Innovation. And no, when I was in the Premier's office, for my time there, I had no discussion about Ornge.

Mr. Jagmeet Singh: Okay. So it's fair to say that when you received that email you were CCed, you don't recall it, per se. You sent out a letter or an email on January 31.

Ms. Cathy Worden: Correct.

Mr. Jagmeet Singh: Who did you send that out to?

Ms. Cathy Worden: I sent that to the principal secretary, the Premier's health policy advisor and the assistant to the principal secretary.

Mr. Jagmeet Singh: Would you be able to table that email, that correspondence?

Ms. Cathy Worden: Yes, absolutely. I don't have it here with me today but absolutely, yes.

Mr. Jagmeet Singh: Okay, certainly. And why did you choose those people to send the email off to?

Ms. Cathy Worden: Again, I'll go back. I actually don't recall receiving the document, but if I had to think of my mindset, perhaps I looked at who was also CCed on that document, and those would have been my colleagues at the time in the Premier's office that were also included. That's what I can imagine my headspace was.

Mr. Jagmeet Singh: Sorry, who was the health policy advisor?

Ms. Cathy Worden: It was an individual named Dan Carbon at the time.

Mr. Jagmeet Singh: Okay. That's fine. Thank you.

The Chair (Mr. Norm Miller): Very well, on to the government.

Mrs. Liz Sandals: No questions.

The Chair (Mr. Norm Miller): No questions? Okay, very well. And for the opposition, Mr. Ouellette.

Mr. Jerry J. Ouellette: I see we're getting questions.

Mrs. Liz Sandals: You didn't know you had any, did you, Jerry?

Mr. Jerry J. Ouellette: Well, not for this individual, no.

Did you have any involvement with the trip to the Middle East or the trips that were brought forward in the past?

1440

Ms. Cathy Worden: I did not.

Mr. Jerry J. Ouellette: You did not. So there was no involvement at all with even the air show that took place as well?

Ms. Cathy Worden: I did not.

Mr. Jerry J. Ouellette: Okay. Do you have—and I believe you mentioned your deputy was here earlier on—any expenses that may have been incurred by individuals within the minister's office regarding the trips abroad that involved going to the Middle East and that? We would hope that you might be able to forward us that information. Do you understand what I'm asking?

Ms. Cathy Worden: I'm so sorry; no, I didn't understand the question.

Mr. Jerry J. Ouellette: Okay. The trips that went to the Middle East that the deputy spoke of earlier on: Can we get copies of the expenses of the individuals who were in attendance from your ministry, or from the minister's office, to be brought forward so that we may be able to review those and the possibility of any actions that may have occurred at that time?

Ms. Cathy Worden: To the Chair and to the member, I can absolutely speak with officials and endeavour to do that. I have no problem making that request, of course.

Mr. Jerry J. Ouellette: Have you or any of your staff met with the officials from AugustaWestland?

Ms. Cathy Worden: The honourable member would know that staff and the minister etc. have changed since the previous election, so what I can tell you is that I have not met with any of the members of the company. I think the deputy was here earlier and provided details on that. I couldn't speak to that. I don't believe any of my current staff in the minister's office have met with the company. We've had no interaction with them.

Mr. Jerry J. Ouellette: So from your recollection, nobody in your current staff had those. Were you aware of any previous staff members who had those meetings as well?

Ms. Cathy Worden: With the company?

Mr. Jerry J. Ouellette: Yes.

Ms. Cathy Worden: No. Again, I can't speak to it. I think the deputy provided information. I'm sure she and members of the previous minister's staff could give details, but I can't. I don't know when they met, who they met, if they met. I apologize.

Mr. Jerry J. Ouellette: Thank you very much. I'm not sure if my colleagues have questions?

The Chair (Mr. Norm Miller): Mr. Klees?

Mr. Frank Klees: No, Mr. Chair, I have no questions for this witness. I think we have some motions, and I defer the time to get that business done.

The Chair (Mr. Norm Miller): Very good. Thank you very much for coming before the committee today.

Ms. Cathy Worden: Thank you.

The Chair (Mr. Norm Miller): The first motion we have is one from Ms. Sandals.

Mrs. Liz Sandals: You would like me to read it into the record, Chair?

The Chair (Mr. Norm Miller): Yes, please.

Mrs. Liz Sandals: That the Standing Committee on Public Accounts ("the committee") direct the clerk of the committee to request the attendance of the following individuals as witnesses in relation to the committee's consideration of the 2012 special report of the Auditor General of Ontario on Ornge air ambulance and related services: the member of provincial Parliament for Oshawa, the member of provincial Parliament for Whitby-Oshawa, the member of provincial Parliament for Simcoe North, the member of provincial Parliament for Dufferin-Caledon, and the member of provincial Parliament for Nickel Belt.

The Chair (Mr. Norm Miller): Okay. Any discussion on that? Debate? France?

M^{me} France Gélinas: Am I in a conflict of interest to vote?

The Chair (Mr. Norm Miller): Good question. Just give us a second here; the clerk's thinking.

We're just going to recess for one minute so he can check—

M^{me} France Gélinas: Well, I think the vote will go through anyway, so I'm going to abstain, just in case, and my colleague will vote for it, and that will be the end of that. How's that?

The Chair (Mr. Norm Miller): Okay, that's fine.

Any other comments?

Mrs. Liz Sandals: Recorded vote.

Mr. Frank Klees: Can I just ask you to read that motion again, please?

The Chair (Mr. Norm Miller): Sure. Go ahead.

The Clerk of the Committee (Mr. William Short): Ms. Sandals moved that the Standing Committee on Public Accounts ("the committee") direct the clerk of the committee to request the attendance of the following individuals as witnesses in relation to the committee's consideration of the 2012 special report of the Auditor General of Ontario on Ornge air ambulance and related services: the member of provincial Parliament for Oshawa, the member of provincial Parliament for Whitby-Oshawa, the member of provincial Parliament for Simcoe North, the member of provincial Parliament for Dufferin-Caledon, and the member of provincial Parliament for Nickel Belt.

Mr. Frank Klees: If I might, Mr. Chair, I'm prepared to support that on the proviso that the member agrees that we add the Premier to that list.

Mrs. Liz Sandals: That will have to be a separate motion.

Mr. Frank Klees: No, I move an amendment to that.

Mrs. Liz Sandals: Then could you please produce that in writing?

Mr. Frank Klees: Gladly.

Mr. Chair, I'll read my amendment.

The Chair (Mr. Norm Miller): Will you read it into the record, please?

Mr. Frank Klees: Yes.

The Chair (Mr. Norm Miller): Go ahead, Mr. Klees.

Mr. Frank Klees: I propose the following amendment: That the Premier be added to the list of MPPs to be requested to attend as a witness to the committee hearings.

The Chair (Mr. Norm Miller): Okay. We'll need to take a short recess, two to five minutes, to get this printed.

The committee recessed from 1447 to 1452.

The Chair (Mr. Norm Miller): Okay. Any further debate or can we get—

Mrs. Liz Sandals: I actually have another amendment, if I may. Actually, it's my motion. Mr. Zimmer has an amendment. I misspoke.

The Chair (Mr. Norm Miller): Mr. Zimmer has decided to make an amendment.

Mr. David Zimmer: I've got to speak with my subcommittee member here.

I move this amendment to Mr. Klees's amendment.

The Chair (Mr. Norm Miller): Okay.

Mr. David Zimmer: That the leader of the official opposition and the leader of the third party be added to the witness list.

Mrs. Liz Sandals: We'll need that in writing.

The Chair (Mr. Norm Miller): We need to take another recess to get this printed.

The committee recessed from 1454 to 1458.

The Chair (Mr. Norm Miller): We'll come back on the record. We are now adjourned.

The committee adjourned at 1458.

CONTENTS

Wednesday 4 April 2012

Subcommittee reports.....	P-47
Special report, Auditor General: Ornge Air Ambulance and Related Services	P-55
Ministry of Economic Development and Innovation.....	P-55
Ms. Wendy Tilford	
Mr. George Smitherman.....	P-60
Office of the Premier.....	P-65
Mr. Jamison Steeve	
Ornge.....	P-71
Mr. Ian Delaney	
Ministry of Economic Development and Innovation	P-75
Ms. Cathy Worden	

STANDING COMMITTEE ON PUBLIC ACCOUNTS

Chair / Président

Mr. Norm Miller (Parry Sound–Muskoka PC)

Vice-Chair / Vice-Président

Mr. Toby Barrett (Haldimand–Norfolk PC)

Mr. Toby Barrett (Haldimand–Norfolk PC)

M^{me} France Gélinas (Nickel Belt ND)

Mr. Phil McNeely (Ottawa–Orléans L)

Mr. Norm Miller (Parry Sound–Muskoka PC)

Mr. Reza Moridi (Richmond Hill L)

Mr. Jerry J. Ouellette (Oshawa PC)

Mrs. Liz Sandals (Guelph L)

Mr. Jagmeet Singh (Bramalea–Gore–Malton ND)

Mr. David Zimmer (Willowdale L)

Substitutions / Membres remplaçants

Ms. Cindy Forster (Welland ND)

Mr. Frank Klees (Newmarket–Aurora PC)

Also taking part / Autres participants et participantes

Ms. Catherine Beagan Flood, legal counsel

Mr. Jim McCarter, Auditor General

Mr. Jerry J. Ouellette (Oshawa PC)

Mr. Jagmeet Singh (Bramalea–Gore–Malton ND)

Clerk / Greffier

Mr. William Short

Staff / Personnel

Mr. Ray McLellan, research officer,
Legislative Research Service

120N
C21
P72



P-6

P-6

ISSN 1180-4327

Legislative Assembly of Ontario

First Session, 40th Parliament

Assemblée législative de l'Ontario

Première session, 40^e législature

Official Report of Debates (Hansard)

Wednesday 18 April 2012

Journal des débats (Hansard)

Mercredi 18 avril 2012

Standing Committee on Public Accounts

Special report, Auditor General:
Ornge Air Ambulance and
Related Services

Comité permanent des comptes publics

Rapport spécial, vérificateur
général : Services d'ambulance
aérienne et services connexes
d'Ornge

Chair: Norm Miller
Clerk: William Short

Président : Norm Miller
Greffier : William Short

Hansard on the Internet

Hansard and other documents of the Legislative Assembly can be on your personal computer within hours after each sitting. The address is:

<http://www.ontla.on.ca/>

Index inquiries

Reference to a cumulative index of previous issues may be obtained by calling the Hansard Reporting Service indexing staff at 416-325-7410 or 325-3708.

Le Journal des débats sur Internet

L'adresse pour faire paraître sur votre ordinateur personnel le Journal et d'autres documents de l'Assemblée législative en quelques heures seulement après la séance est :

Renseignements sur l'index

Adressez vos questions portant sur des numéros précédents du Journal des débats au personnel de l'index, qui vous fourniront des références aux pages dans l'index cumulatif, en composant le 416-325-7410 ou le 325-3708.



LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON
PUBLIC ACCOUNTS

Wednesday 18 April 2012

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DES
COMPTES PUBLICS

Mercredi 18 avril 2012

*The committee met at 0833 in room 151.*SPECIAL REPORT, AUDITOR GENERAL:
ORNGE AIR AMBULANCE
AND RELATED SERVICES

The Chair (Mr. Norm Miller): If we could get started, we need to go into closed session for discussion right off the bat, so if I could ask media and others to leave the room.

The committee continued in closed session from 0835 to 0856.

The Chair (Mr. Norm Miller): I'd like to call the committee to order and I believe, Ms. Sandals, you have something to start the committee.

Mrs. Liz Sandals: Yes, thank you. I move unanimous consent that the amendment to the amendment moved by Mr. Zimmer, the amendment moved by Mr. Klees and the main motion with respect to witnesses moved by myself all be withdrawn.

The Chair (Mr. Norm Miller): Is there unanimous consent? There is? Agreed. So those motions are withdrawn.

SUBCOMMITTEE REPORT

The Chair (Mr. Norm Miller): Now we have the subcommittee report. Ms. Sandals?

Mrs. Liz Sandals: Yes, thank you.

Your subcommittee met on Thursday, April 12, 2012, and Monday, April 16, 2012, to consider the method of proceeding on the 2012 special report of the Office of the Auditor General on Ornge air ambulance and related services, and recommends the following:

(1) That legal counsel not meet with any witnesses or witness counsel prior to their appearance before the Standing Committee on Public Accounts.

(2) That when the committee clerk confirms a witness's appearance before committee he will also state, "It would be inappropriate at these hearings to indicate that you have spoken to the police with respect to Ornge."

(3) That the committee request that all hearings be held in committee room 151.

(4) That the committee clerk, in consultation with the Chair, be authorized prior to the adoption of the report of the subcommittee to commence making any preliminary

arrangements necessary to facilitate the committee's proceedings.

I move adoption of the report.

The Chair (Mr. Norm Miller): Any debate? All in agreement? Agreed. That report is carried.

EXECUTIVE COUNCIL OF ONTARIO

The Chair (Mr. Norm Miller): Our first witness this morning is Peter Wallace, secretary of the cabinet, head of the Ontario public service. If you could please come before the committee. Welcome

Mr. Peter Wallace: Thank you.

The Chair (Mr. Norm Miller): Our clerk will have you do the oath.

The Clerk of the Committee (Mr. William Short): Could you raise your hand, Mr. Wallace? Do you solemnly affirm that the evidence you shall give to this committee touching the subject of the present inquiry shall be the truth, the whole truth and nothing but the truth?

Mr. Peter Wallace: I do.

The Clerk of the Committee (Mr. William Short): Thank you.

The Chair (Mr. Norm Miller): Thank you. You have five minutes for an opening statement and then there will be about eight minutes each for the various parties to ask questions. Please go ahead.

Mr. Peter Wallace: Thank you, and I'll be pleased to review my statement and obviously pleased to answer any questions the committee may have.

Good morning. I am Peter Wallace. I'm the secretary of cabinet and head of the Ontario public service. I started my current position on December 17, 2001. Previous to that, I'd been a public servant for approximately the last 30 years. Prior to my current appointment, I was the Deputy Minister of Finance and secretary to Ontario's treasury board from September 2008. I've also had the opportunity to serve as Deputy Minister of Energy, deputy minister responsible for policy in the cabinet office, as well as various positions with the Ministry of Natural Resources, Management Board and other ministries.

I'll focus my quite brief remarks on three technical areas that are under the purview of the Ministry of Finance and I believe may be of interest to this committee. These are public salary disclosure, the procedures asso-

ciated with the consolidation of various entities into the province's reporting books and the ministry's role with respect to internal audit and the internal audit process.

Starting off with the Public Sector Salary Disclosure Act: This is an act that is administered by the Ministry of Finance. The act, as I think the committee is aware, outlines a series of technical criteria and that, in turn, imposes an obligation on applicable organizations and individuals to disclose any compensation, essentially T4 compensation, over a \$100,000 level.

The obligation is on the reporting entities. The information is collected through the line ministries, consolidated and published, made available by the Ontario Ministry of Finance. There is always some considerable year-to-year churn in the numbers, as both individuals come on and off the list, as well as organizations appear or change status and are no longer eligible.

Secondly, I'd like to talk about the consolidation of entities. I understand this has been an issue of some interest to the committee. To provide some background on this, in, I think, 2005 the Public Sector Accounting Board altered the accounting standards applicable to provincial governments; and this change in the accounting standards, largely a technical change, altered the reporting entity associated with the government of Ontario and in fact considerably expanded the reporting entity.

The consolidation changes in criteria were essentially technical. They respect a view of an accounting construct. The act of consolidation—and in this case, Ornge was consolidated into the province's books earlier—does not change in any way the practical control of the organization. The fact that the organization is consolidated into the province's books doesn't change at all the practical governance mechanisms through which operational control is normally exercised. That's through performance agreements and other oversight arrangements. This is an important construct, because as the construct of consolidation expanded dramatically in the middle of the last decade, a large number of organizations have come on to the province's books as part of the consolidated entity, and these have historically exercised a very significant degree of operational independence from the province.

So hospitals, school boards and organizations that function almost completely independently from the government of Ontario, such as pensions, pension bodies, healthcare of Ontario pension plan, for example, are technically consolidated into the province's books and are part of the reporting entity, although the province exercises no effective operational control over those entities. The simple fact that they're consolidated does not alter the controls. I think that's accurate, Auditor; that's my understanding.

Mr. Jim McCarter: I think that's a good summary, Mr. Wallace.

Mr. Peter Wallace: The third point I'd like to cover is internal audit, which is a vital management function in the Ontario public service, and it's one we take extremely

seriously. The internal audit division is headed by an assistant deputy minister who reports to the Ministry of Finance, to the Deputy Minister of Finance, for administrative purposes. And there is a clear protocol, a clear understanding that the work of the office of the internal auditor is not influenced or altered by the Deputy Minister of Finance. So the reporting of audit findings, the routine and non-routine activity of internal audit, is not generally shared with the Deputy Minister of Finance. The reporting relationship is a consolidated one that facilitates a relatively efficient administrative relationship but is not intended as an operational or policy relationship. Internal audit remains functionally independent, and this is an important construct. It's designed to be functionally independent from the guidance of the Deputy Minister of Finance, and in that context the Deputy Minister of Finance would obviously not receive, as an ordinary course of business, reviews of specific audits of any type.

The last point I'd like to cover is that, as the committee is aware, I was one of 14 individuals copied on a January 19, 2011, letter from Ornge. While I have no recollection of receiving and reviewing the letter, a subsequent request was received by my office from Ornge asking for attendance at a meeting. I was not available for that meeting, but officials from the Ministry of Finance did attend a briefing provided by officials from Ornge. It is my understanding that this was primarily a technical conversation, that Ornge was showing the government what it had done in terms of a bond issue and a handful of other points.

The ministry did review the material provided by Ornge, did engage in a technical conversation. The focus of the conversation, I am informed, was on the potential risk to the Ontario credit from the bond issue undertaken by Ornge, and obviously, from a Ministry of Finance perspective, any time you have a transaction occurring, any transaction, you want to undertake a certain amount of due diligence to be assured that that transaction does not expose the province's credit to any incremental risk.

Assurances were provided both in the direct documentation provided by Ornge, the January 19 letter, and in that subsequent meeting to indicate that the province's credit was fully insulated from the bond activity undertaken by the entity. That was a clear focus of the Ministry of Finance and the Ontario Financing Authority, to ensure that the province remain insulated from any incremental risk.

The Chair (Mr. Norm Miller): If you don't mind wrapping up, we're a little—

Mr. Peter Wallace: I'll be happy to wrap up. I will simply conclude by saying that I do remain, obviously, exceptionally concerned by the findings of the Auditor General. I am acutely aware of the need for the government of Ontario to continuously drive for more efficient operating models, including operating models that are not traditional, that involve other groups into the delivery of public services, including core public services. But we must always, as the Auditor General's report reminds us,

remain absolutely vigilant to proper accountability structures, proper control structures, proper performance agreements and other mechanisms.

I'll be pleased to answer any questions the committee may have.

The Chair (Mr. Norm Miller): Thank you, and we'll move to the official opposition to begin with. Mr. Klees.

Mr. Frank Klees: Thank you, Mr. Wallace. I'd like to move quickly to the issue of the \$300-million bond offering. I find it interesting that you say that you were satisfied that, as you put it, the credit of the province was "fully insulated" from any incremental risk. Can you share with us: What did you rely on for that insulated risk?

Mr. Peter Wallace: I appreciate the question. The reliance was not by me directly but by officials from the Ministry of Finance, from whom I've obviously subsequently sought information. The meeting, as I understand it, and the correspondence from Ornge, as I understand it, refers retrospectively to bond issues that have already occurred.

We have, in the Ontario Ministry of Finance and the Ontario Financing Authority, fairly substantial experience in bond issuance and in the relationship between bond issuance and organizations with which the government of Ontario has some type of ongoing financial or other relationship. So we relied on—as I understand it, asked questions about three core areas.

The first is the actual documentation provided to me through that letter, which articulates—I believe provides a fair number of assurances that the activities being undertaken by Ornge were both consistent with the performance agreement and outside of the financial relationship with the province. So there's a clear written record that establishes that.

The second part is that there was a series of questions or dialogue at the meeting that confirmed those written assurances.

The third, and from a slightly more pragmatic perspective, is that this is an issue that had, as I understand it, already taken place. It had been reviewed. It had been placed on the market. The market would have seen in the documentation—would have been able to form a judgment that there was no provincial guarantee associated with that, and it would be my understanding from that that this would be a reasonable level of oversight with that type of entity, given that the issue had already occurred.

Mr. Frank Klees: Mr. Wallace, I'd like to ask this: Have you seen the offering memorandum that was used to float the—

Mr. Peter Wallace: I have not reviewed the offering memorandum.

Mr. Frank Klees: You have not. Did your ministry officials at any time review that offering memorandum, knowing that \$300 million was being floated on the open market?

Mr. Peter Wallace: Three hundred million dollars was being floated on the open market by an entity that we

were given concrete assurances—and I appreciate the question. But \$300 million was floated on the open market in response to a structure that insulated the province of Ontario. What this means is that if Ornge defaulted on its obligations or if the entity defaulted on its obligations—unlikely, but nevertheless a scenario that needs to be considered—there is, as we understand it, no recourse back to the province's credit. That would be the primary concern from an Ontario Ministry of Finance perspective.

0910

Mr. Frank Klees: Mr. Wallace, I've read that offering memorandum. There are repeated references to the government of Ontario, repeated references to \$150 million of revenue flowing directly to Ornge, repeated references to the security. In fact, the rating that was attached to this public offering relied almost exclusively on the fact that it was the government of Ontario that was standing behind this offering. I find it quite disconcerting at best that we have such a major public offering taking place with the very clear guarantee of the government of Ontario, and Ministry of Finance officials were not aware.

Can I ask this: Was the Minister of Finance made aware that this offering was being floated before it was?

Mr. Peter Wallace: I apologize, but I need to spend a moment with the language you used. I discussed the notion of incremental exposure to the province's credit. The core construct, as I would understand it and as the financial professionals would understand it, is whether or not, in the event of default, additional incremental obligations would accrue to the province. I of course have no understanding of the way in which rating agencies or investors would have made the decision. That is, frankly and fundamentally, their business, and any construct associated with that would be purely speculative on my part. I do know that the core issue in any bond relates to the security. There is no recourse, as we understand it, and we were given concrete assurances that there is no recourse, back to the province's credit associated with any incremental obligation incurred by the entity.

Mr. Frank Klees: Let me ask you—

Mr. Peter Wallace: I apologize for exploring that, but I do need to answer your question.

The Chair (Mr. Norm Miller): You have about a minute and a half, Mr. Klees.

Mr. Peter Wallace: I do need to answer your question, which is, I am not aware of any briefing to the Minister of Finance.

Mr. Frank Klees: Okay. At the end of the day, is the province of Ontario now responsible for the \$300 million that is out there in bonds? Is the province of Ontario now directly responsible for the interest payments and, ultimately, the repayment of the capital of that \$300 million?

Mr. Peter Wallace: If the entity known as Ornge is unable to fulfill its financial obligations which it incurred through a separately structured subsidiary transaction with bondholders who read and reviewed a prospectus, there is no incremental risk, I understand, from a legal

construct, to the province's credit. The entity, as I understand it, has not been altered by the very appropriate governance changes that have been put in to provide additional fiduciary oversight.

Mr. Frank Klees: Mr. Wallace, anyone reading that offering memorandum will draw the conclusion that it is the province of Ontario that is standing behind that bond offering, that it's the \$150 million of annual funding that will sustain that entity that issued—because there were no other assets. There was no other revenue in that entity that was floating those bonds. So for anyone to accept that there would be no incremental risk to the province of Ontario is outrightly irresponsible. My question to you is, who at the Ministry of Finance—

The Chair (Mr. Norm Miller): We are out of time.

Mr. Frank Klees: —will be held responsible for that?

The Chair (Mr. Norm Miller): We have to move on, I'm afraid.

Mr. Peter Wallace: I will be clear—

The Chair (Mr. Norm Miller): Okay, go ahead and answer the question.

Mr. Peter Wallace: I was through much of this period the Deputy Minister of Finance. If there is accountability associated with that, those accountabilities would rest with me as the Deputy Minister of Finance and as chair of the Ontario Financing Authority.

I will say that in those roles I had the opportunity and privilege to work with individuals well known to Mr. McCarter and others who are professionals in the world of corporate finance and the world of public finance. In that construct, we have considerable experience with the offering of credit facilities by a wide range of private, public and quasi-public entities. We have considerable experience with offerings by entities of the broader public sector that do, in fact, retain and attract risk back to the government of Ontario.

So while I appreciate your view and I appreciate your reading of the prospectus, we will, frankly and with respect, have undertaken a different understanding on the basis of a clear written document from the entity and on the basis of appropriate due diligence concerns. You may feel that investors would have had a different view. Our understanding legally—the assurances we sought were that this was a separate, insulated entity. It doesn't mean we like it. It doesn't mean it's something that's a best practice. It does mean that from the perspective, "Does this attract incremental legal risk?" which is the appropriate standard when confronted with something that has already occurred, there was, as we understand it and as we were assured, no incremental risk. That structure remains intact.

Bondholders do not have—and this would be an important legal issue—we would retain and we would be accurate that bondholders do not have direct access back into the provincial credit.

This is also critically important from a broad policy perspective, because we continually strive for mechanisms, for partnerships, that make our business more efficient. As we strive for those, we do need access to private

credit. Being able to maintain the distinction between private and public credit remains of vital importance.

We do not put ourselves into the minds of potential readers of prospectuses; we put ourselves into the minds of the government of Ontario. From a government of Ontario perspective, with respect, we were assured—we understand factually—that there is adequate insulation from the province's credit.

The Chair (Mr. Norm Miller): Thank you very much. We move to the NDP. France?

M^{me} France Gélinas: And make sure that I get my full 10 minutes.

The Chair (Mr. Norm Miller): Yes, you will.

M^{me} France Gélinas: Good morning. The first thing I would like to know is when you were first made aware that Ornge had for-profit subsidiaries.

Mr. Peter Wallace: I'm not cognizant of when I became aware of that. The point in time at which information was presumably provided to me that would make me aware of it was the January memorandum. Unfortunately, I frankly have no recollection of that memorandum. It was actioned by my office, so it is quite lengthy and one of a fair number of copies. So I would have become more aware of it when media coverage and the Auditor General's review intensified, and it became a subject of broader interest.

M^{me} France Gélinas: Okay. So can you give me a date when it became of broader interest and hit your radar?

Mr. Peter Wallace: No, I'm afraid I cannot.

M^{me} France Gélinas: A range of time? Was it just before Christmas? Was it last summer when the auditor started—actually, was completing—his work?

Mr. Peter Wallace: If I'm forced to speculate on a range of time, it would be someplace between late January and, let's say, June 2011. In terms of the specific question, which is the creation and mechanics of creation of a for-profit subsidiary, that's a fairly specific question, and I—

M^{me} France Gélinas: No, I didn't ask that question. I asked, when did you become aware? So you became aware between January 2010—

Mr. Peter Wallace: 2011.

M^{me} France Gélinas: —2011 and June 2011. Did you speak to anybody about this when you became aware? Did it raise any red flags to you?

Mr. Peter Wallace: The simple existence of a subsidiary of any entity is, frankly, not uncommon—
0920

M^{me} France Gélinas: So it didn't raise any red flags for you? When did it raise red flags for you? When did it become an issue for you?

Mr. Peter Wallace: The issue is frankly not one of corporate structure but corporate behaviour. We have a wide range of organizations. I appreciate the nature of the question, but it is vitally important that we, from an Ontario public service perspective, be open to finding better ways of delivering public services. It is not remotely uncommon for broader public sector institutions

to create subsidiaries to try and extract value from other areas of public service activity. This is done routinely by other areas of the broader public sector. So the mere creation of a subsidiary or an entity would not, in the general rule, raise red flags.

M^{me} France Gélinas: But I'm asking you, when did it become an issue for you? Is Ornge an issue for you now?

Mr. Peter Wallace: Of course Ornge is an issue for—

M^{me} France Gélinas: When did it become an issue?

Mr. Peter Wallace: It presumably became an issue at the time when the question of behaviour of the corporation—

M^{me} France Gélinas: I'm looking for dates.

Mr. Peter Wallace: I'm afraid that I don't have the specific dates associated with that. I'm afraid that I do not keep a diary that indicates what dates I became aware of specific issues—

M^{me} France Gélinas: Give me a range.

Mr. Peter Wallace: I believe I already have. I've said, you know, my understanding—

M^{me} France Gélinas: Okay, so since 2011. So when this became an issue—like you said it is, Ornge is an issue; it became an issue between January 2011 and June 2011—who did you speak to about this?

Mr. Peter Wallace: I would have spoken to officials in the Ministry of Finance. I would have spoken—

M^{me} France Gélinas: The minister himself?

Mr. Peter Wallace: I have no recollection of a specific conversation with the minister on this.

M^{me} France Gélinas: If something is an issue, wouldn't it be reasonable to assume that the Secretary of Cabinet talks to the minister? Do you talk to the minister, ever?

Mr. Peter Wallace: I was the Secretary of Cabinet; of course, I talked to the minister. I was the Secretary of Cabinet following December 11; during most of the relevant time period I was the Deputy Minister of Finance.

M^{me} France Gélinas: Did you talk to the Minister of Finance when you were deputy minister?

Mr. Peter Wallace: I talked to the Minister of Finance—

M^{me} France Gélinas: If something is an issue, would you talk to the minister about issues?

Mr. Peter Wallace: I generally do discuss issues with the Minister of Finance, yes.

M^{me} France Gélinas: So is it reasonable to assume that you talked to the Minister of Finance that there was an issue at Ornge?

Mr. Peter Wallace: It is reasonable to assume that if there were specific issues that were raised with me that related to the responsibilities of the Ministry of Finance—if, for example, we had information that did expose the province's credit or information that was different—

M^{me} France Gélinas: But you did say that you became aware between January 2011 and June 2011. You described it; you recognized that Ornge was an issue. There was an issue. It is your job to let the minister

know. So it is reasonable to assume that you talked to the Minister of Finance. Ornge was an issue between January 2011 and June 2011.

Mr. Peter Wallace: I'm trying to be helpful here, but—

The Chair (Mr. Norm Miller): Ms. Gélinas, if you could let him answer the question please.

M^{me} France Gélinas: He's too long in his answer and tells me a whole bunch of things I don't want to know.

Mr. Peter Wallace: I am trying to be helpful, and I apologize.

Mr. David Zimmer: Just a second, just a second, a point of order.

The Chair (Mr. Norm Miller): No point of privilege; let's continue here.

Mr. Peter Wallace: I explained to you the time frame and I explained to you my mechanism by which I became aware of this. Was information of public knowledge? Information of public knowledge, for example, that the Auditor General was conducting a review—I would have become aware of that, not through an internal audit mechanism, not through some other mechanism, but frankly through the same mechanisms that others became aware of it—through allegations about corporate behaviour.

M^{me} France Gélinas: Okay, I want—

Mr. Peter Wallace: But those allegations about corporate behaviour were broadly known and I would not have felt compelled to share information broadly known specifically with the minister. I could reasonably assume that the minister would read the papers in the same way that I would read the papers.

M^{me} France Gélinas: Okay. I want to talk about disclosure, that the NDP filed a freedom-of-access-to-information about the lack of disclosure of Dr. Mazza's salary. The freedom-of-information went to your ministry, and basically we got back that they couldn't share anything with us. The fact that we filed a freedom-of-access-to-information, that we asked specifically what had happened to Dr. Mazza, would that have been flagged to you in any way?

Mr. Peter Wallace: I have no recollection of it being flagged. It would normally not be flagged. I have no direct knowledge of that. But in general, the questions are phrased. We are under obligation—we take the obligations extremely seriously—to provide any responsive records. In this instance, there presumably would be no responsive records. In the absence of responsive records, we would send a response indicating that there are no records that we can disclose, simply because we do not have that information.

M^{me} France Gélinas: Okay. We have a document called "Indicators of Control," dated 2008, from the Ministry of Finance, that states, "We feel the government can effectively govern the financial and operating policies of Ornge." You were the deputy minister at the time.

The Chair (Mr. Norm Miller): Excuse me, Ms. Gélinas. Do you have a copy of this document you're referring to?

M^{me} France Gélinas: It's in the newspaper. It's a quote from a newspaper.

The Chair (Mr. Norm Miller): If the government members want to see it, then we need to be able to see it.

M^{me} France Gélinas: It's in the press clipping that was circulated to us when the good people did their work. Remember? They gave us a package of information about Ornge.

Mr. Jagmeet Singh: I'm going to stop the clock now, because we're being interrupted—

The Chair (Mr. Norm Miller): If it was in the legislative research package that was sent around, that's fine. Continue.

M^{me} France Gélinas: Thank you.

Mr. Jagmeet Singh: Mr. Chair, I stopped the clock at 7:41. I'd like it to resume now and not have any of this time count against us.

The Chair (Mr. Norm Miller): Yes, I take care of the clock. Continue, please.

M^{me} France Gélinas: Thank you.

So, basically, a document from the Ministry of Finance says, "We feel the government can effectively govern the financial and operating policies of Ornge." You were the deputy minister at the time. Did you feel confident that you could govern the financial and operating policies of Ornge?

Mr. Peter Wallace: Two constructs here: First, this preceded, as a technical point, my appointment as the Deputy Minister of Finance, as I understand. Secondly, and far more fundamentally, the consolidation process occurred over a very large number of entities, over a relatively accelerated period, a time at which we took entities such as hospitals, school boards, pension plans and a variety of others and included them into the province's reporting entity. This was reflecting a set of technical accounting changes that changed the accounting definition of control. There was, in fact—

The Chair (Mr. Norm Miller): We are out of time. I would just let all the members know that if you're finding you don't have enough time, you do have the ability to call a witness back at a future time. We are out of time now. We'll move to the government, please.

Mr. Peter Wallace: I would like to be helpful on this point, if I can.

The Chair (Mr. Norm Miller): Yes.

Mr. Frank Klees: On a point of order, Chair: You know, these proceedings are difficult enough given the limited time frame that we have. The constant interruptions by members of the government committee members here—I would ask that we have an agreement that you, as the Chair, have the responsibility to ensure that these proceedings are carried out in a way that is appropriate. We don't need either Mr. Zimmer or Ms. Sandals acting as referee. I would ask you, as the Chair, to take control of this committee—

The Chair (Mr. Norm Miller): I have the ability to do that, thank you very much. In the interests of time—

Mr. David Zimmer: Chair, just a second. I want to refer to the rules and the memo from the counsel, just on

Mr. Klees's point. Counsel addressed how the procedure—

The Chair (Mr. Norm Miller): Mr. Zimmer, that's a privileged memo, so please don't refer to it. If we can—

Mr. David Zimmer: I ask you to look at page 6 on the procedures for members if they object to a question and the procedures that we have to follow. It's at page 6 of counsel's memo.

The Chair (Mr. Norm Miller): We know about that.

Now, if we could proceed to the government, who would like to do the questioning on the government side? Ms. Sandals.

Mrs. Liz Sandals: Thank you very much. I appreciate your patience and your very clear answers. Forgive me if I refer to you as deputy, because that's how I'm accustomed to it.

We seem to all be taking advantage of your knowledge as Deputy Minister of Finance and I wonder if we could go back to the issue of consolidation, which is very complicated.

If you could explain to us, (a) is Ornge consolidated on the province's books, and (b) why is Ornge consolidated on the province's books? When did that happen and what's the consequence of that happening?

Mr. Peter Wallace: Thank you. I'm going to treat it, frankly, as an extension of the last question and try and be helpful in terms of, I think, the intent of the past question as well.

Consolidation is an accounting construct by which an entity is brought into another entity's reporting books. It's used in a variety of subsidiary contexts; it's used in a variety of others.

0930

In 2005, the Public Sector Accounting Board, which sets the standards for provincial government, broadened the standards—altered the standards to broaden the number of consolidated entities. As part of that, there has been a fairly extensive conversation that involves the office of controller in the Ministry of Finance, line ministries, from time to time the Office of the Auditor General, in understanding the application of these new standards.

The application of the standards themselves and the shift in the standards is of no practical consequence in terms of the reporting relationship, oversight or other aspects. This is not by any way of an excuse, just simply that consolidation as it exists in a reporting entity construct is not an indicator of anything else. For example, we have no visibility—no reporting relationship, no visibility into the corporate structures or governance or other mechanisms used by pension boards, as an example, nor would we want to regulatorily have that type of relationship.

In the specifics of the situation of Ornge, while this occurred prior to my appointment as deputy, I understand it to have been a bit of a grey area, and I think probably the Auditor General may be of help in this: that there are arguments that speak to consolidation of Ornge in this construct, and they include the very high proportion of

funding that Ornge derives from the government of Ontario, the fact that it is, for practical purposes, almost completely reliant on government of Ontario funding. That is one set of criteria.

There are other criteria that are used in the PSAB documentation that speak, for example, to the right to appoint a board of directors and other mechanisms. So we have universities that are largely funded by the government of Ontario but excluded; hospitals that are largely funded by the government of Ontario but included. The subtlety relates to the specific acts, the specific points around the right to appoint boards of directors and others. It's not a no-brainer conversation. It's not remotely surprising—in fact, it's normal—to see differences of opinion about whether or not an entity is consolidated. In this case, the entity was deemed to be consolidated. The arguments on one side were seen ultimately to be a little bit stronger than the arguments on the other side. That decision is made, in general, by the office of the controller in the Ministry of Finance, after consultation with others, including the Office of the Auditor General.

I realize that it is tempting, and I think logical, to understand that this represents a shift or represents the acquisition of broader responsibility for an entity, and there are other reasons to be concerned about the government's responsibility for Ornge—I'm not taking this away from the point at all—but it is not something that relates to the mere fact of consolidation, and I think, Auditor, I'm within the zone of accurate on that.

Mr. Jim McCarter: I think that summarizes it pretty good.

You asked about the date too. It was consolidated for the financial statements for the year ended March 31, 2008, so the decision to consolidate was probably made sometime, I'm guessing, early to mid-2007—to consolidate Ornge.

Mrs. Liz Sandals: Okay, thank you. And just one follow-up question. I take it from what you've said, then, that it's perfectly normal to be having a discussion between the Ministry of Finance, the controller and the Auditor General and the entity itself about whether or not it should be consolidated and how that should happen, that as we moved into the PSAB rules, this conversation around what and how and when to consolidate is a pretty normal conversation?

Mr. Peter Wallace: It has occurred countless times. There are often differences of opinion reflecting different senses of the criteria. Initially, organizations are often surprised to learn that they may be consolidated. They generally are not—you know, from time to time uncomfortable with that concept until they understand that it is simply inclusion in the reporting entity and is, from a governance standpoint, of no practical ramification.

Mrs. Liz Sandals: And if we could turn to your current role as secretary of cabinet, I believe you said you were appointed secretary of cabinet on December 11. What would your larger role, then, in dealing with the larger issues around Ornge rather than—and I'm thinking here of the governance issues. How has that evolved

since you have become secretary of cabinet? What changes have occurred since then?

Mr. Peter Wallace: So it was December 17, I recall. That's a small adjustment.

Mrs. Liz Sandals: Oh, okay. Sorry.

Mr. Peter Wallace: Not especially relevant.

In any organization that is as large as the government of Ontario—in fact, in almost any organization—there is always some real risk of inappropriate behaviour. That can occur within the organization, it can occur with transfer payment partners, it can occur with corporate entities with which we have a relationship.

The two issues that are most vitally important on this are vigilance, understanding what we've done to mitigate risk, and learning, going forward from any risk that was realized. We have to recognize that as government gets smaller—and we are a government that is getting smaller. We are looking forward to occupying a smaller share of gross domestic product than we have in the past. We are committed to efficiency. That will mean doing business in a very different way. The risks we are exposed to in a large, bureaucratically structured, hierarchical organization are very different than the risks we accept when we enter into more complex, sometimes more efficient—hopefully, more efficient—relationships with other service providers.

It is absolutely critical that we become alive to and increasingly vigilant about the nature of transactions that we perform, that we undertake adequate due diligence, that we have effective control and that the use of taxpayer resources simply must be subject to adequate protections so that if we do become concerned, on the basis of any information whatsoever, that an entity of any description may be behaving inappropriately, we have powerful mechanisms and powerful tools—audit, decision rights, governance changes—to allow us to put those issues to rest as quickly as possible and that we are not at risk of any type of behaviour that delays or obfuscates or imposes additional timing issues for decision-makers.

The Chair (Mr. Norm Miller): We are out of time right now.

Mrs. Liz Sandals: Just one point, Chair.

The Chair (Mr. Norm Miller): Yes, go ahead.

Mrs. Liz Sandals: Mr. Klees mentioned having possession of the offering memorandum on the bond issue from Ornge. I wonder if that could be tabled.

Mr. Frank Klees: It's a public document.

The Chair (Mr. Norm Miller): Mr. Klees, do you mind tabling that?

Mr. Frank Klees: I think Ms. Sandals can get it from the library in the same way that I did.

The Chair (Mr. Norm Miller): Okay.

Well, thank you very much, Mr. Wallace, for your presentation. I appreciate it.

Mr. Peter Wallace: Thank you.

WILDEBOER DELLELCE LLP

The Chair (Mr. Norm Miller): Now I'd like to call Alfred Apps forward, please.

Mr. Alfred Apps: Good morning, Mr. Chairman.

The Chair (Mr. Norm Miller): Good morning, Mr. Apps. We'll begin with an oath.

The Clerk of the Committee (Mr. William Short): The Bible is at the table there with you. Do you solemnly swear that the evidence you shall give to this committee touching the subject of the present inquiry shall be the truth, the whole truth and nothing but the truth, so help you God?

Mr. Alfred Apps: I do.

The Clerk of the Committee (Mr. William Short): Thank you.

The Chair (Mr. Norm Miller): Just to confirm that you received the notice to witnesses appearing before the committee.

Mr. Alfred Apps: I did. Thank you.

The Chair (Mr. Norm Miller): Thank you very much. You have five minutes for an opening statement and then it will begin with the NDP with the first round of questions.

Mr. Alfred Apps: Mr. Chairman, honourable members, I'm pleased to have this opportunity to appear before this committee in relation to your inquiry into Ornge. Your job is to get at the truth and I'm in a position to assist you. For the public interest to be well served, my presentation and your interrogation of me should take much longer and be much more detailed than 30 minutes allow. Serious issues of public policy and public administration are at stake, vitally important questions of justice and reputation where individuals are concerned are also at stake. I'm happy to answer your questions today and I will return in the future as frequently, as long, as often, as you desire. This is important public business.

On conclusion of these brief opening remarks, I will circulate a summary of my personal and professional background, as well as a detailed overview of the legal work I did in relation to Ornge so that you'll be in a better position to contextualize and evaluate my testimony.

Like each one of the many professionals from the many legal, financial and accounting firms involved with Ornge, my ability to respond in recent weeks to the seemingly endless string of allegations in the media has been severely circumscribed by professional duties of confidentiality to Ornge and, because I and my colleagues are lawyers, by Ornge's right to claim privilege in relation to its communications to us and our advice to Ornge. You've convened these hearings and Ornge has now waived those rights.

0940

This is fitting and appropriate. The government and people of Ontario have every right to learn the truth about what the legal, accounting, investment banking and other financial professionals did for Ornge, on behalf of Ornge, and why we did it.

I do not have the personal knowledge required to address certain matters. My exposure to Ornge as a lawyer began in 2007, was intermittent and focused on

specialized work related to corporate structuring and structured finance. The original separation and establishment of Ornge and the original set-up of its charitable foundations and for-profit subsidiaries preceded my involvement. I cannot speak with direct knowledge about the total compensation of management or how it was paid. I was not made aware of any management loans until after they'd occurred. I was not involved in providing advice on salary disclosure under the sunshine laws.

I was aware of the marketing services agreement with AgustaWestland and, based upon what I understood, saw absolutely nothing inappropriate about it. But I did not advise on it, play any role in negotiating it and was not involved in documenting it.

For the record, I also want to be clear that I have no knowledge of any wrongdoing, criminal or otherwise, in respect of anyone associated with Ornge.

Let me provide a very brief overview of five key matters I can address:

(1) The government entity reporting discussion, which the secretary of cabinet just so capably addressed, of 2007-08, has been characterized as a matter related to the government's substantive oversight and control of Ornge. This is a red herring. Nothing could be further from the truth. Ornge's financial statements, including in respect of its for-profit subsidiaries, were always audited by KMG, provided to the government and included in the public accounts.

The debate was never about substantive consolidation; it was about accounting consolidation only, and there is a huge difference. Ornge had always presented and audited its financial statements as a non-share capital corporation—a charity—as it was required to do. Consolidation required its financial statements to be presented in a second and additional format to comply with the special accounting policies of government entities.

We, at Fasken, were advised that the extra bookkeeping, reporting and professional accounting services required were going to cost Ornge significant dollars that would have to be diverted away from patient service. Ornge's only objective in questioning the need for accounting consolidation was to avoid unnecessarily wasting taxpayers' money, because it believed that the relevant accounting policy, which was open debate, if properly applied to Ornge, did not require such consolidation. Ornge nevertheless complied with the request, and accounting consolidation has continued to this day. The extra costs have been incurred for several years. But to be clear, accounting consolidation has done nothing substantive other than increase Ornge's costs. It contributes absolutely nothing to increased disclosure, enhanced oversight or government control.

(2) The \$275-million 2009 bond issue: This has been characterized by some of the media as something that was prejudicial to taxpayers because it enabled Ornge to apply funds to improper purposes and for the benefit of private interests. It has even been hinted that it was improper for Ornge to use public funding to service those

bonds. These interpretations are patently wrong. They reflect a misunderstanding on basic matters of corporate finance.

Ornge is engaged in a capital-intensive business with a serious cost-of-capital challenge. It requires aircraft vehicles and ground assets to provide its services to Ontario. In deciding to purchase its capital assets—

The Chair (Mr. Norm Miller): You have a minute left for your statement.

Mr. Alfred Apps: Sorry?

The Chair (Mr. Norm Miller): One minute left for your statement.

Mr. Alfred Apps: In deciding to purchase its capital assets with low-cost-rated debt financing rather than leasing them from third parties at a considerable markup or profit to those third parties, Ornge was able to significantly reduce its cost of capital over the long term, generating considerable savings for its operations for years to come. The financing was entirely standard in format, conventional in structure for transactions of this sort. It was clearly and only in the interest of the taxpayers of Ontario. With more time, I would be happy to elaborate. The government was fully informed before the bond financing was undertaken and raised no objections.

(3) The 2011 reorganization leading to the establishment of the for-profit businesses under Ornge Global has been completely misunderstood and misconstrued, both by the press and the Auditor General.

The for-profit structure was created to serve two primary purposes: insulating and protecting Ornge, Ontario and its taxpayers from new-venture risk and attracting private capital required to finance these ventures that Ontario clearly supported but did not want Ornge to vest taxpayer dollars in. The structure was not in any sense a private empire or conglomerate or web of companies designed to reward private interests.

I'm probably out of time. I've got another page on this—

Mr. David Zimmer: Chair?

The Chair (Mr. Norm Miller): Yes, Mr. Zimmer.

Mr. David Zimmer: I wonder if the committee would consider—Mr. Apps said he had five points he wanted to address in his summary, whether we might, if I make the motion, allow him to continue through his points—

The Chair (Mr. Norm Miller): Mr. Zimmer, why don't we just let him continue?

Mr. Alfred Apps: I've got one page left.

The Chair (Mr. Norm Miller): Finish your page, please.

Mr. David Zimmer: All right. Thank you, Chair.

Mr. Alfred Apps: The structure was not in any sense a private empire or conglomerate or web of companies designed to reward the private interests of Ornge management. It was a conventional, bankruptcy-remote, private-equity, limited-partnership investment structure that those experienced in private equity investment would easily recognize and understand as commonplace, and one that put management's upside incentive—clearly, I want you to understand this—dead last, not first.

The province of Ontario and the investors would have received \$65 million before the management got a cent. Any potential benefits flowing to management were performance-based, highly contingent and deeply subordinated to the interests of the Ontario taxpayer and the private sector providers of debt and equity capital. With more time, I'd be happy to elaborate. The government was thoroughly informed in respect of this reorganization before it was completed, and raised no objections in respect of it.

(4) The credit lease transaction of 2011 in respect of Ornge's head office property has likewise been misunderstood and misconstrued by both the press and the Auditor General. It did not siphon money away from taxpayers to benefit the private interests who own the for-profit companies, nor was it unusual or mysterious. In fact, transactions just like this are concluded every day in the marketplace by companies of all sorts for compelling reasons that I would be pleased to elaborate on.

Analogies are never perfect. In fact, this is not perfect at all. But from a layman's perspective, it wasn't much different than increasing your mortgage to finance sending your kids to college. Importantly, the transaction was based entirely on an independent opinion about fair market rental rates from a leading national accounting and financial advisory house, PricewaterhouseCoopers—something that has never been reported in the media and, curiously, was casually dismissed by the Auditor General.

The credit lease transaction was a financing designed to benefit Ontario taxpayers, not harm them. With more time, I'd be happy to elaborate. The government was thoroughly informed in advance of the transaction and the use of proceeds, and raised no objections.

(5) It has been said that Ornge and its lawyers, including me, misled the minister and the government. This, you will understand, is offensive in the extreme, particularly for someone of my personal background, my long history of civic engagement and my hard-earned professional reputation.

The record actually speaks for itself. To the extent of all matters within my knowledge, the board and management of Ornge more than did their job, and the government was thoroughly, painstakingly and, in all cases, truthfully briefed in advance of Ornge taking any of these actions. If the government had ever raised any objections to anything, I am confident that Ornge would not have proceeded.

Ornge was a great Ontario company with an extraordinary global future. It has now become a case study in the failure of public administration, not, in my opinion—and it is my opinion—as a result of lack of transparency, process or governance on Ornge's part or, frankly, from any lack of oversight or control on the part of the government, but as a result of the fundamental absence within parts of the public sector of the required skill set and competence in commercial and legal matters to properly understand and manage public-private partnerships.

Unless and until we get this right, necessary efforts to offload funding from the taxpayer to the private sector will be met with misunderstanding and confusion and, as such, become politicized and unable to attract investment and doomed to failure. There are excellent examples of success in this area right here in Ontario that we need to apply more broadly.

Thank you for your attention. I would be pleased to take your questions.

0950

The Chair (Mr. Norm Miller): Thank you. We'll move to the NDP. Who in the NDP would like to question? Jagmeet?

Mr. Jagmeet Singh: Yes.

Thank you very much, Mr. Apps. Mr. Apps, specifically, if you could just highlight some very succinct issues, what was the problem with Ornge and what are the issues concerning Ornge?

Mr. Alfred Apps: The only issue—and I don't have the competence to address it—that I have seen, based on all of my reading of all of the newspapers and my knowing the facts as I know them, is the salary that was paid and whether or not that was appropriate. Everything else I've read is frankly wrong.

Mr. Jagmeet Singh: You indicated that the government was thoroughly briefed on every aspect of Ornge before any step was taken.

Mr. Alfred Apps: Correct.

Mr. Jagmeet Singh: How do you know that?

Mr. Alfred Apps: Because I participated in those briefings as a lawyer, reporting on the structure, how Ornge was insulated, what the rating agency thought of the structure. In fact, what we did in terms of structure was proven out. When the whole thing was blown up, the one thing that was preserved was Ornge Ontario with its rating reaffirmed, without impairment. The point is, what we focused on was explaining to the government why that would happen under any scenario and why it was insulated from venture risk.

Mr. Jagmeet Singh: You indicated that you briefed the government and you were present during those briefings. Who did you brief and who was present?

Mr. Alfred Apps: I've got a detailed record of every briefing that I participated in.

Mr. Jagmeet Singh: Would you be able to just—

Mr. Alfred Apps: I can just give you a high-level overview, and if you want more detail, I'm happy to give it.

Mr. Jagmeet Singh: Would you be able to table that detailed—

Mr. Alfred Apps: Sure, I'm happy to table it.

Mr. Jagmeet Singh: And it's in document form?

Mr. Alfred Apps: Yes. Actually, the summary that I'm going to circulate of the legal work I did for Ornge describes all the points at which the government was briefed. It's about a six-page summary.

Mr. Jagmeet Singh: Thank you.

You've heard the allegations that there was some misconduct on your behalf, that you misled—it seemed that you were thrown under the bus a bit on that.

Mr. Alfred Apps: I think the minister justifiably felt misled, but not by Ornge.

Mr. Jagmeet Singh: Who was she misled by?

Mr. Alfred Apps: I believe that the draft report tabled by the Auditor General in November was so riddled with error and confusion that if I'd been the minister and I had gotten it and relied on it, I would have had the same reaction, coupled with the information about the salary.

Mr. Jagmeet Singh: Okay. That's all. Thank you.

The Chair (Mr. Norm Miller): France?

M^{me} France Gélinas: It's rather interesting to hear you say that the only issue, in your view, with Ornge is the salary paid, I take it, to Mr. Mazza?

Mr. Alfred Apps: I don't know anything about salaries. I learned about the salary—see, I'm not an employment lawyer. I was aware what his base salary was. I wasn't aware of all this other stuff. It kind of hit me like a ton of bricks until I had the opportunity to think about it and reflect on it. But I learned about it at the time it became public knowledge.

M^{me} France Gélinas: You were aware of his base salary, and what was that?

Mr. Alfred Apps: I'm not aware of what his base salary was in 2010, but in—and I'm not sure I've got my years right, so forgive me, because I haven't got the document right in front of me. But it was \$500,000, which didn't seem to me, given the extraordinary work he was doing—it didn't seem to be out of line at all.

M^{me} France Gélinas: Okay. Now that you know that it's \$1.4 million, any comments as to—

Mr. Alfred Apps: I'm not competent to respond to that question. I wasn't involved. I understand that the board had outside compensation experts advising them. I'm not going to try to substitute my business judgment for theirs, because I wasn't there or a part of the discussions. So I don't really have an opinion on that.

M^{me} France Gélinas: Okay. In your briefings, was the Premier ever present when you briefed the government about Ornge?

Mr. Alfred Apps: No elected politicians were ever present in any briefing.

M^{me} France Gélinas: Was this by design, or had you ever asked?

Mr. Alfred Apps: Ornge made it clear, with my assistance, that we wanted to brief the government, wanted to brief it broadly—finance, health, economic development and trade, the Ontario Financing Authority. We obviously left it to the government to decide who should go to those briefings.

M^{me} France Gélinas: So if you never briefed any elected official when you briefed the government about Ornge, did you ever talk to any elected official about Ornge?

Mr. Alfred Apps: No.

M^{me} France Gélinas: Never?

Mr. Alfred Apps: Never—well, sorry. At a cocktail party, I actually had a chat after the bond issue with the Minister of Finance, saying how successful the bond issue had gone, but that was it.

M^{me} France Gélinas: That was the only time you ever talked—

Mr. Alfred Apps: Yeah. I have never met with the Premier on this, or his staff. I have never met with the Minister of Health on this. I have never met with the Minister of Economic Development and Trade on this. The answer is no.

M^{me} France Gélinas: Okay. Did you ever talk to any of the staff in their office?

Mr. Alfred Apps: Yes. Only in relation to setting up briefings.

M^{me} France Gélinas: Okay. So when Jamison Steeve says that you called him to—

Mr. Alfred Apps: I've read Jamison's testimony, and it's absolutely correct. We never talked about substance. We simply—my question was, "So there's a lot happening here. They want to brief the government. What's the right way to go about it? Should it be a common briefing, including of members, or should it?"—I can't remember the exact terms of the email. And his response back was, "Start with health and we'll go from there."

The Chair (Mr. Norm Miller): You have two minutes.

M^{me} France Gélinas: Okay. When did you first learn that salary disclosure had not been done from Ornge?

Mr. Alfred Apps: It was never part of my work. I wasn't—I mean, I did know they weren't disclosing their salaries, but it wasn't something—I don't remember when I would have actually become aware of that.

M^{me} France Gélinas: Is this something that you would have raised with Ornge as in—

Mr. Alfred Apps: No. Nowhere near my area of activity or responsibility.

M^{me} France Gélinas: So you didn't care?

Mr. Alfred Apps: No. Fasken's wasn't the employment or labour counsel. And I wasn't the lawyer at Fasken's who advised on this question; others did.

M^{me} France Gélinas: How much money did Fasken make from Ornge?

Mr. Alfred Apps: Well, this may surprise you, but I'm not—I was not the billing partner or the relationship-responsible partner for the file. I was actually just a guy who came in on the specialty team to deal with issues of my area of expertise.

I have no reason to believe that what's been reported in the press is, in general, inaccurate, although I think there were lots of related inaccuracies, because I think those numbers were provided to Ornge. But I can't get into the detail of it except to say that that was for a very broad range of work, of which mine was a subset, over a, I think, six-year period, in circumstances where Ornge had been extraordinarily active on a number of fronts as it got itself up and running.

M^{me} France Gélinas: Did Chris Mazza ever attend Liberal fundraisers when you were there, or are you aware—

Mr. Alfred Apps: I have no idea. I would like—may I elaborate on my relationship with Dr. Mazza?

M^{me} France Gélinas: Sure.

Mr. Alfred Apps: Because it's been—

The Chair (Mr. Norm Miller): You have a minute left.

Mr. Alfred Apps: Okay. Well, it's been fundamentally misdescribed in the press. He was like any other corporate CEO of a client. We had a friendly, courteous and professional relationship. We were not close. There were extended periods of time when we had no contact, when I wasn't working with Ornge. I've never been to his house. We've never socialized. I ran into him at one hospital charity one night. So we had a relationship that was completely normal, not the way it has been characterized in the media.

M^{me} France Gélinas: How much money did you make from Ornge?

Mr. Alfred Apps: I'm glad to clarify that too, because the Toronto Star suggested I was a partner of Fasken Martineau at the applicable time, and I wasn't. Because I had been elected president of the Liberal Party of Canada, I withdrew from the partnership. I became a salaried employee of the firm, with no stake in its fees. More importantly, Ornge was not—I said I wasn't the responsible partner or the billing partner.

M^{me} France Gélinas: I'm looking for an amount.

Mr. Alfred Apps: Do you want to know how much I earned as a salary?

M^{me} France Gélinas: How much did you make from Ornge?

Mr. Alfred Apps: Personally?

M^{me} France Gélinas: Yes.

Mr. Alfred Apps: Nothing, zero.

M^{me} France Gélinas: You were never paid?

Mr. Alfred Apps: No, the firm was paid, and I earned a salary at the firm, but I wasn't a partner of the firm. I wasn't paid on the basis of Ornge billings. I had my own practice, my own clients, my own billings, and prior to withdrawing from the partnership in 2009, I was compensated in accordance with my financial performance on that. After that, I went on a salary because it was inappropriate for me, in my judgment, to be both the president of the Liberal Party of Canada and a partner of the firm.

1000

The Chair (Mr. Norm Miller): Thank you very much. We'll move to the government members.

Mrs. Liz Sandals: Yes, thank you.

Could we go back to the compensation issue, because leaving aside the \$1.4-million figure and how you got from \$500,000 to \$1.4 million going out the door, the question that seems very odd to me—as not a corporate lawyer—is, if Ornge the not-for-profit is the umbrella and Mazza and some of the others were the senior

executives there, is it not unusual to move the salary away from the senior corporation?

Mr. Alfred Apps: I'm going to be blunt. I am not knowledgeable in this area of law, and I'm not going to give you an opinion. That work was done by a completely different set at Fasken's. It actually, I think, was done even before I was involved. I've never looked at the statute. I don't understand how the statute applies. I don't know what the circumstances were at the time, and I never advised on it.

Mrs. Liz Sandals: Okay. So, in that case, you've said that you weren't the responsible partner.

Mr. Alfred Apps: Right.

Mrs. Liz Sandals: Can you share with us who was?

Mr. Alfred Apps: Yes, certainly. I'll share anything you want. The responsible partner—I don't know the exact dates or details, but it shifted back and forth. Originally, it was a retired partner, before the separation, who was on for Sunnybrook, named George Glover. Then, I think for a period, it was Lynne Golding, who has played a very—I think she has been counsel on a number of matters through the piece and done outstanding work for Ornge. Then it was Cindy Heinz, and Ornge, because it was trying to reduce its legal fees, brought her in-house.

Mrs. Liz Sandals: So she eventually went from Fasken's to Ornge as a direct in-house?

Mr. Alfred Apps: Right, because she was the one who was principally responsible for what I'd say was the ongoing day-to-day operational advice, commercial law generally, so, routine agreements, health law issues, regulatory law issues. As a cost-saving strategy—at least as I understood it—they asked her to come in-house so that they could reduce their legal fees.

Mrs. Liz Sandals: Okay, and who would currently, then, be the responsible partner?

Mr. Alfred Apps: As you know, I left the firm, and I'm not certain I can answer that question.

Mrs. Liz Sandals: So we'll have to ask Lynne Golding?

Mr. Alfred Apps: Yes.

Mrs. Liz Sandals: You also spoke to the issue of the billing partner. Would that be different from the responsible partner?

Mr. Alfred Apps: It depends. The responsible partner is sometimes the billing partner, but—and I'm just talking about internal practice at Fasken Martineau—sometimes the billing partner is someone who is not the overall relationship partner but someone who is billing in certain areas because, for whatever complexity or technical reasons, they want to make sure that they review and sign off on the bills.

Mrs. Liz Sandals: So would the responsible partner oversee the billing partner?

Mr. Alfred Apps: Yes. But in most cases the responsible partner is the billing partner.

Mrs. Liz Sandals: Okay. You referred to the fact that you weren't the expert when it came to human resources and employment issues. Who would have been the

partner who was responsible for the HR and compensation sort of negotiations?

Mr. Alfred Apps: On employment and labour law issues with Ornge—because Ornge had unions as well—we didn't act. That was Hicks Morley. But on the issues of—

Mrs. Liz Sandals: So Hicks Morley would have done the management-side labour negotiations?

Mr. Alfred Apps: Look, all I know is that we weren't involved. I know that Hicks Morley were generally involved as employment and labour counsel to Ornge. I can't speak for what they did or didn't do.

Mrs. Liz Sandals: Okay.

Mr. Alfred Apps: On the issue of regulatory compliance—that is, the issue of compliance and salary disclosure—that was something we advised on.

Mrs. Liz Sandals: And that would have been which partner?

Mr. Alfred Apps: Mr. Guy Giorno.

Mrs. Liz Sandals: I know that my colleague has some questions.

The Chair (Mr. Norm Miller): Mr. Zimmer, go ahead. You have three and a half minutes.

Mr. David Zimmer: Are you in a position to say why you left the firm?

Mr. Alfred Apps: Absolutely. I had intended to leave the firm in June of last year on the expiry of my term as president of the Liberal Party of Canada. In connection with that, I had taken on several board positions: at Pacific Mortgage, as chairman; at Byron Capital, as chairman; and on several other boards as a director.

As a partner in a big firm, it is a problematic thing to be on the boards of clients. I had decided that I was enjoying that, and I wanted to move out. But then the federal election came, the convention got delayed till January and it just made sense to do it then, after I stepped down in January, at the fiscal year-end of Fasken's, which was January 31.

I started talking to firms about what I was thinking about and where I was going to go, and ultimately I decided to go to a 45-person law firm that I helped to found 25 years ago. It used to be called Wildeboer Apps. My brother is there, I know many of the partners and I have the freedom there to both practise law and serve on boards. But it was a decision of long standing that got upended by the federal election.

Mr. David Zimmer: Thank you.

The Chair (Mr. Norm Miller): We'll now move to the PC Party.

Mrs. Liz Sandals: Do we have any—

The Chair (Mr. Norm Miller): Do you have any other questions? You have two minutes.

Mrs. Liz Sandals: The other issue I would want to raise that I think the committee needs to deal with is that Mr. Apps mentioned tabling documents. Can we just put an asterisk around the conversation with counsel re tabling documents?

The Chair (Mr. Norm Miller): Yes, and I believe Will has noted the documents that are to be tabled.

Any other questions from the government members? No? Okay, we'll move to the official opposition. Mr. Klees?

Mr. Frank Klees: Thank you, Chair. Mr. Apps, a bold defence of Ornge. You've just given us an indictment of the government. You've made bureaucrats look like village idiots. You've undermined the Auditor General here in your comments. It seems that the only people who know what they're doing are you and the professionals and financiers who put the deal together.

Mr. Alfred Apps: Absolutely incorrect. There's great expertise in this government. There's outstanding expertise at Infrastructure Ontario in managing public-private partnerships. There's outstanding expertise at the Ontario Financing Authority. These are people who have developed the skill sets to understand capital markets issues, investment banking issues and structuring issues. I would not be condemning bureaucrats generally.

Mr. Frank Klees: I think that if you take the time to read the Hansard record, you'll realize who you threw under the bus. Nevertheless, you acted on behalf of Ornge, I understand, in the capacity of lawyer, adviser, spokesperson and lobbyist.

Mr. Alfred Apps: Mm-hmm.

Mr. Frank Klees: Did you register as a lobbyist?

Mr. Alfred Apps: I never lobbied.

Mr. Frank Klees: You never lobbied?

Mr. Alfred Apps: Not once.

Mr. Frank Klees: You just said you did.

Mr. Alfred Apps: No, I didn't. I never lobbied this government for anything in respect of Ornge.

Mr. Frank Klees: How do you define "lobby"?

Mr. Alfred Apps: It's defined in the act. Do you want me to get the statute?

Mr. Frank Klees: You did nothing that comes close to lobbying?

Mr. Alfred Apps: Nothing.

Mr. Frank Klees: Did you ever arrange meetings with elected officials for Dr. Mazza?

Mr. Alfred Apps: No.

Mr. Frank Klees: I have a memo here from you, directed to Dr. Chris Mazza, and I'm happy to pass it around. Clerk?

It is from Alfred Apps, on Fasken Martineau letterhead: "Talking points for Dr. Chris Mazza: Lunch with Minister Smitherman," and it goes on, providing Dr. Mazza with considerable detailed direction in terms of what he can and cannot say during his lunch with the minister. Did you arrange that lunch with the minister?

Mr. Alfred Apps: I don't believe I did.

Mr. Frank Klees: Okay.

Mr. Alfred Apps: Sorry, do you have evidence that I did?

Mr. Frank Klees: I'm asking you.

Mr. Alfred Apps: What time frame is this?

Mr. Frank Klees: It's your memo.

Mr. Alfred Apps: Smitherman was the minister, so it's years ago. You can forgive me that my recollection isn't perfect.

Mr. Frank Klees: Okay, fair enough. My question to you: You mentioned that you never had discussions with the Premier on this. In point number 10, you advise Dr. Mazza—

Mr. Alfred Apps: I don't have point number 10.

Mr. Frank Klees: You advise Dr. Mazza, "My advice: Downplay meeting with the Premier, perhaps not even mention it at all—you happened casually to meet him at a reception last month and had a general chat about successful transition at Ornge."

1010

Interesting instructions, and on the last point, number 11—I trust you have that—"I will call you separately this morning to report on contact with the minister."

Now, you clearly said earlier that you never met with elected officials. Can you explain the difference between what you've told us and what is explicit in this memo?

Mr. Alfred Apps: I know that the contact with the minister was not personal contact of mine, but this—when did Minister Smitherman finish his term as Minister of Health?

Mr. David Zimmer: Just about a year before the election—

Mr. Alfred Apps: In any event, this is a long time ago. I'm happy to undertake to you, Mr. Klees, to go back through my records and get back to you with whatever it is I was referring to there.

Mr. Frank Klees: Thank you. I appreciate that.

I understand that you introduced Don Guy to Ornge. What was the purpose for you making that introduction?

Mr. Alfred Apps: Actually, it was at the time of the consolidation discussion that Peter Wallace was going over and that I mentioned in my thing. It was related—there were actually two periods which we sought Don's advice. He was out of government by this time, had his own consulting firm. There were two periods we sought Don's advice and assistance; basically a brainstorming process to make sure that we were anticipating and thinking about the issues from the government's perspective appropriately. It was really trying to understand what the stakeholder perspective would be.

Don had a very broad overview of the thinking of government and he was very helpful in providing us the benefit of his judgment and his advice.

Mr. Frank Klees: Through whom did Don Guy bill his time for his lobbying?

Mr. Alfred Apps: Through Fasken Martineau.

Mr. Frank Klees: Okay. And how much was he paid for that?

Mr. Alfred Apps: I wasn't the billing lawyer so I don't know.

Mr. Frank Klees: Would it be possible for you to—

Mr. Alfred Apps: Can you ask Ms. Golding to—I can't undertake on behalf of Fasken Martineau anymore.

Mr. Frank Klees: Okay.

Mr. Alfred Apps: But I know that Ms. Golding will be co-operative.

Mr. Frank Klees: Now, you did mention that it was at the time of the consolidation.

Mr. Alfred Apps: That was the first stretch, and then there was a later stretch.

Mr. Frank Klees: The information that we have is that the initial move on the part of the government to consolidate Ornge's financials was proposed by Ministry of Finance bureaucrats. I also understand, and maybe you can confirm this, that the reason that you brought Don Guy on board was to help fend off that attempt by the ministry to consolidate because you were going into this bond offering and you didn't want to have any interference. Is that correct?

Mr. Alfred Apps: Absolutely not.

The Chair (Mr. Norm Miller): Two minutes.

Mr. Alfred Apps: Can I respond in detail on this point? I think it's—okay. In fact, Ornge contacted me to say, "We're going to have somewhere between half a million and \$1 million of additional costs. Is there anything we can do about this?"

I pulled out the Public Sector Accounting Board policy 1300, took a look at it and realized that this was really a grey area in the case of Ornge. It wouldn't be if the new legislation were enacted, which establishes so much tighter control. It would not be a grey area anymore at all. But at the time, it was a very big grey area. So it seemed that it was worth some investment to determine whether or not this had to occur.

I got involved, with Ornge's consent, a top public sector accounting guy from PricewaterhouseCoopers on the technical issues, together with me, the CFO of Ornge and Don Guy on the policy issues.

Really, what Don Guy's advice was—and I made the point earlier, it was a red herring. It had nothing to do with the debt issue. In fact, the government at the time, in a letter, made clear to us that consolidation or no consolidation, it wouldn't impact our ability to issue the bonds. So that wasn't the issue.

But what Don Guy was able to do was actually persuade us, "Don't die on this hill. I've got a sense of what the government's about here and why they want to do it and it doesn't have any impact anyway." And ultimately, that's what we concluded, even though it did have a cost impact.

Mr. Frank Klees: So he was actually successful in managing away the government's concerns here.

Mr. Alfred Apps: For Ornge. He was successful in helping me explain to Ornge why consolidation was not actually even a significant issue from a substantive or governance or independence perspective.

The Chair (Mr. Norm Miller): We're out of time, I'm afraid.

Mr. Frank Klees: If I could just wrap up. We will certainly have you back.

Mr. Alfred Apps: I'd love to come back.

Mr. Frank Klees: What you have effectively done today is confirmed that the government of Ontario was fully informed of everything that Ornge was undertaking, including the bond offering, the scheme of for-profit companies. They were fully apprised, fully briefed and did it anyway.

Mr. Alfred Apps: And they made the right policy decision in any event, and I'm sorry that they got bad information and advice later.

The Chair (Mr. Norm Miller): Thank you very much for your presentation this morning, Mr. Apps.

Mr. Alfred Apps: Thank you, Mr. Chairman.

The Chair (Mr. Norm Miller): We have this morning been a little bit behind schedule, so the committee will need to decide on whether there's enough time to start with Mr. Shortill. If we did, we only have nine minutes, so I would suggest that we reschedule Mr. Shortill and apologize to him—I'd like to apologize to Mr. Shortill, because this is the second time he has made arrangements to come before the committee.

Interjection.

The Chair (Mr. Norm Miller): Thank you.

Mrs. Liz Sandals: I've sort of lost track of—I thought there was some reference to tabling documents. Are there any documents being tabled?

The Chair (Mr. Norm Miller): There is one document that is going to be tabled.

The Clerk of the Committee (Mr. William Short): He didn't have it with him.

The Chair (Mr. Norm Miller): He didn't have it with him.

So we're going to start at 12 o'clock this afternoon, and we'll adjourn now.

The committee recessed from 1017 to 1218.

COMMITTEE BUSINESS

The Chair (Mr. Norm Miller): Okay, I would call this committee to order. I believe we have a motion from Mr. Klees.

Mr. Frank Klees: Yes, thank you, Chair. I'll read this motion into the record.

I move that the Standing Committee on Public Accounts report to the House requesting that the House authorize the Speaker to issue his warrant for the appearance of Chris Mazza, former president and CEO of Ornge, before the Standing Committee on Public Accounts, in room number 151, Legislative Building, Queen's Park, Toronto, at 9 a.m. on Wednesday, May 16, 2012. That if necessary the warrant can be served to Dr. Chris Mazza's attorney, Roger D. Yachetti, Q.C.

The Chair (Mr. Norm Miller): Thank you for that. I just have a comment on the procedure, and that is that the only concern—and I'm not going to comment beyond this—is that in the past the procedure followed by various standing committees when requesting the authorization of the House for the issuance of a warrant has been that the committee would communicate with the individual or individuals on at least two occasions and have two refusals in front of them. I understand that has been the procedure in the past. We have not followed that procedure up to this point. I'm laying that on the floor, and whatever the committee decides is the appropriate course of action, so be it.

Mr. Frank Klees: Speaker, if I might? I think that we're all in agreement that Dr. Mazza should be called. We are running out of time. We only have one day a week of hearings. We're bumping up to the Legislature rising. I think that we have enough information. Dr. Mazza has been advised that there is an interest for him to appear, and I would recommend to the committee that we move forward, if we pass this motion, so that we can get the debate in the House under way.

The Chair (Mr. Norm Miller): Further comment? Ms. Sandals.

Mrs. Liz Sandals: Just to say that we are in agreement. The public motion to invite Dr. Mazza to appear has been on the public record for quite some time, and I think it is important that we move ahead in trying to get him in here to testify, because ultimately, he's the key person that we need to talk to.

The Chair (Mr. Norm Miller): Thank you. Ms. Gélinas.

M^{me} France Gélinas: I would agree with everything that has been said, that we start the procedures with the Speaker's warrants immediately. That does not preclude us from continuing to connect with Dr. Mazza and invite him to come, but the procedures for the warrants have to be started today.

The Chair (Mr. Norm Miller): Mr. Zimmer.

Mr. David Zimmer: Just a question to the clerk: That business about making two requests before, is that a condition precedent to issuing the Speaker's warrant or not? Because if it is a condition precedent, then by the rules you can't issue the warrant until—if the request has been made, and then if a lawyer gives him bad advice, that the condition precedents were met, the warrant is of no validity and then you're going to be behind a month. I just ask the clerk if—you better be careful about that.

The Clerk of the Committee (Mr. William Short): It's precedent or procedure that's been followed in the past. However, it's not necessarily stopping the committee from—

Mr. David Zimmer: So it's a protocol, not a condition precedent?

The Clerk of the Committee (Mr. William Short): Correct.

Mr. David Zimmer: Okay. Thank you.

The Chair (Mr. Norm Miller): Okay. Any further debate? Seeing none, all in favour? Carried.

Then we'll go to Ms. Sandals.

Mrs. Liz Sandals: I have another motion that I would like to table, if I may.

The Chair (Mr. Norm Miller): Okay.

Mrs. Liz Sandals: This is with respect to witnesses.

The Chair (Mr. Norm Miller): We do have two other motions as well. We'll table it, but then if we can get on—

Mrs. Liz Sandals: So you're going to deal with the other two first?

Interjection.

The Chair (Mr. Norm Miller): We don't have time to discuss them right now because we're going to get on

with our afternoon's proceedings, but if you want to table it, that's fine.

Mrs. Liz Sandals: No, we're not debating any of them right now.

The Chair (Mr. Norm Miller): No.

Mrs. Liz Sandals: Okay. Can I save one copy?

The Chair (Mr. Norm Miller): Yes.

Mrs. Liz Sandals: Just so I can advise my fellow members, this is a motion to have Kelly Mitchell to appear, because it turns out that he was simultaneously on the board and being paid as a consultant at Ornge, which would seem to attract some attention from the auditor.

The Chair (Mr. Norm Miller): Very well.

MINISTRY OF HEALTH AND LONG-TERM CARE

The Chair (Mr. Norm Miller): Now, for our first witness this afternoon, we have, from the Ministry of Health and Long-Term Care, Malcolm Bates, director of emergency health services.

Mr. Bates, if you could please come forward. I understand you've already sworn an oath.

Mr. Malcolm Bates: I have indeed.

The Chair (Mr. Norm Miller): So just remember that you are under oath. And you've received the letter with the advice for a witness appearing before the committee?

Mr. Malcolm Bates: I have.

The Chair (Mr. Norm Miller): Thank you very much. You have five minutes for an opening presentation and then the government will go first with questioning this time.

Mr. Malcolm Bates: Thank you very much. Good afternoon. My name is Malcolm Bates. I'm the director of the emergency health services branch of the Ministry of Health and Long-Term Care.

Thank you for this opportunity to address the Standing Committee on Public Accounts with respect to the Auditor General's report on Ornge Air Ambulance and Related Services.

Today, I'll focus on what steps the ministry has taken and is taking to respond to the issues raised by the Auditor General, in particular with respect to patient safety.

Emergency health services is charged with exercising some of this oversight over Ornge. The oversight conducted by the branch includes the requirement for certification which Ornge must undergo every three years. This is augmented by unannounced inspections and by investigations of complaints. In addition, the Ambulance Act contains multiple standards related to documentation, patient care and storage of controlled substances that each operator must adhere to. Ornge is also required to submit ongoing financial reports and audited statements.

Until late in 2011, many indicators led the emergency health services branch to conclude that Ornge was providing good and financially effective service. A comparison of land and air ambulance costs showed that Ornge's

costs were in line. A comparison of investigations conducted in land versus air ambulance also showed that Ornge was in line. Ornge passed its certification reviews.

A review conducted by an external audit firm found that Ornge was using provincial grant funding economically, efficiently and for the purposes intended.

Thanks in part to the information uncovered by the Auditor General, we now know that Ornge misled the ministry on a number of occasions. Furthermore, in January 2012 Ornge itself informed the ministry that the organization had deliberately inflated the number of patients transported over the years since it had assumed full responsibility. The ministry had relied upon these reports to assess requests for funding.

As a result of these revelations, an amended performance agreement with Ornge is now in place. The agreement includes more stringent and detailed monitoring, control and reporting obligations on the part of Ornge. Ornge is required to submit a number of operational reports to the ministry monthly. For issues affecting patient safety and for complaints and investigations, Ornge must provide information to the ministry immediately. The ministry will then assess the need for further investigation.

As well, the performance agreement provides for a greater emphasis on performance standards and includes enhanced key performance indicators with expanded reporting requirements. Under the amended agreement, Ornge's funding and executive compensation are tied to performance improvement targets set out in an annual quality plan, as is the case for other transfer payment agencies, including hospitals. And new provisions link Ornge's performance during one year with funds provided by the ministry in the next year.

The ministry has also taken action to ensure that Ornge's internal investigations protocol will be improved. In this regard, the ministry's manager of investigations has provided advice to Ornge quality assurance staff on investigative techniques and will be providing additional training for them in the area of good investigative methods.

With respect to aviation safety, the Ministry of Natural Resources has recently initiated a safety review of Ornge's rotary-wing ambulance operation. These steps build on recent achievements by Ornge's new leadership team, appointed in January of this year, to provide trustworthy administration focused upon safe delivery of air ambulance services in Ontario.

Once again, thank you for the opportunity to speak to you, and now I'd be pleased to take questions.

The Chair (Mr. Norm Miller): Very well. Thanks for that. The government gets the first opportunity to ask questions.

Mrs. Liz Sandals: That's because my mouth is full, right?

The Chair (Mr. Norm Miller): Ms. Sandals.

Mrs. Liz Sandals: I knew I'd get in trouble when I stole a cookie.

The Chair (Mr. Norm Miller): When you're ready.

Mrs. Liz Sandals: Mr. Bates, you've been with the emergency health services, the branch, and specifically the air ambulance responsibility for a number of years. If we go back into the history of all this, what concerns were there that first prompted—and maybe you could outline to us how it used to work and then the creation of Ornge or OAA, whatever it was initially called. How did we get from “here was the old structure, here were the concerns, and here's the new structure”?

Mr. Malcolm Bates: Yes, of course. Prior to 2006, when Ornge assumed full responsibility for air ambulance services in the province of Ontario, the Ministry of Health was in fact responsible totally. The Ministry of Health utilized several different components to provide air ambulance service, one of which was the administration, which was with the ministry; one of which was dispatch, which was operated by the ministry; one of which was the aviation and the paramedic services, which were outsourced to contracts in the private sector; and one of which was a base hospital, which was provided by Sunnybrook Health Sciences Centre.

In 2003, there was an approach by Dr. Mazza and his team requesting that the air ambulance service be consolidated, and that is putting together all those various parts—the dispatch, the base hospital, the aviation, the paramedics—into one consolidated unit. At that time, Dr. Mazza and his team made a presentation to the Red Tape Commission.

1230

The Red Tape Commission looked upon that very favourably, and it was moved forward to the point at which legislation was, I believe, drafted, and the intent was to change the Ambulance Act to allow for this type of consolidation of air ambulance in 2003.

At that point in time, the election occurred, as many of you probably remember, and a new government came into place. The initiative by Dr. Mazza and his team continued under the new government. Dr. Mazza was in fact the lead for the implementation of this consolidation and all aspects of it, and the staff of emergency health services and other parts of the Ministry of Health were directed to work with Dr. Mazza to ensure that he had sufficient information in order to proceed with the consolidation initiative. The government approved the consolidation with Ornge taking full responsibility. In 2005, a performance agreement was negotiated. In 2006, the performance agreement was signed between the ministry and Ornge, at that time called the Ontario Air Ambulance Services Corp., and they took over full responsibility for all provision of air ambulance services in the province of Ontario.

Mrs. Liz Sandals: Early 2003 would be before my time here, so just to go back then, at that point Minister Clement would have been the Minister of Health, and there was a Red Tape Commission. So Dr. Mazza actually put forward the proposal to consolidate, and the Red Tape Commission, which was more—just reading headlines, I think, more of a political investigation—concurred with that, and you actually got so far as

drafting legislation to fulfill the consolidation prior to October 2003?

Mr. Malcolm Bates: The government drafted the legislation.

Mrs. Liz Sandals: Sorry, you weren't drafting, but legislation was being drafted—

Mr. Malcolm Bates: That's correct.

Mrs. Liz Sandals: —prior to October 2003; would that be accurate?

Mr. Malcolm Bates: That's right. It was not finalized and it was not passed.

Mrs. Liz Sandals: Well, I'm presuming it was never tabled, given that the Legislature wouldn't have been sitting after June or something 2003, but the legislation was being drafted, not by you, but by somebody else, prior to October 2003?

Mr. Malcolm Bates: Yes.

Mrs. Liz Sandals: I've got my timeline sorted out?

Mr. Malcolm Bates: You do.

Mrs. Liz Sandals: I then was on the scene and I do recall that the auditor did a previous report on air ambulance service, so that previous report on air ambulance service would have been with respect to the old model of air ambulance service, which you described. Is that correct? I don't remember the year.

Mr. Jim McCarter: I've got the timing here. We did it around 2005. Just at that time, a couple of our recommendations dealt with the need to establish better lines of authority, and I think there had been an accreditation review, which also indicated there was a bunch of different people delivering the service, and there needed to be more clear lines of authority. So I think in response to the recommendation at that point, the ministry came forward and said they were looking at establishing this corporation, and about maybe nine months after that, the committee actually had a hearing and we discussed those issues.

Mrs. Liz Sandals: Yeah, because I actually think I first met you at that hearing—

Mr. Malcolm Bates: I believe so.

Mrs. Liz Sandals: —when we were looking at that. So the accreditation report, then, what would have—you both seem to be helping me out, which is fine. When would the accreditation report have been made available or received by you or the government, whomever?

Mr. Malcolm Bates: In the year 2002-03.

Mrs. Liz Sandals: Okay, so that was probably the accreditation report would have prompted the previous government to have a look at this, and then the auditor's report followed along in—

Mr. Jim McCarter: Subsequent to our audit in July 2005, that's when the ministry announced the creation of this corporation to basically establish the air ambulance service, and the accreditation review was started in late 2003. I think it probably reported in 2004.

Mrs. Liz Sandals: Okay. Thank you for the timelines, because I think that helps us understand how the conversation sort of evolved.

So, with the creation of the air ambulance of Ornge—I'm going to call it Ornge even though I know it wasn't that on the first day. What actually then changed as a result of the creation of Ornge initially?

Mr. Malcolm Bates: Subsequent to the announcement by the minister that Ornge would be assuming responsibility and the performance agreement signed, Ornge in fact assumed full responsibility. The base hospital was in fact moved from Sunnybrook to Ornge. Ornge assumed the contractual arrangements with the private contractors that provided air ambulance service and the paramedics. Ornge took over the air ambulance dispatch centre and assumed full administrative responsibility and control over air ambulance services in the province.

Mrs. Liz Sandals: Okay. And Dr. Mazza had the air ambulance base, hospital base, at Sunnybrook, and then Dr. Mazza would still have been obviously the CEO in charge of the air ambulance base when it moved to Ornge.

Mr. Malcolm Bates: That's correct.

Mrs. Liz Sandals: I think I'm being told that my turn is up. Thank you very much, Mr. Bates.

The Chair (Mr. Norm Miller): Yes, thank you, Ms. Sandals. Now we move to the official opposition. Mr. Klees?

Mr. Frank Klees: Thank you. I appreciate your overview. I'd like to go directly to the issue of the consolidation that was anticipated by government.

The term "consolidation," as it was intended under the previous government, to my knowledge, did not mean that Ornge, or whatever the air ambulance entity would be, would get into the business of purchasing a fleet of aircrafts. The consolidation that was intended was to ensure that the oversight and the lines of authority were consolidated, that there was in fact a response to the previous audit that indicated very clearly that there were some weaknesses in the system that needed to be addressed. Would you agree with that?

Mr. Malcolm Bates: I would agree with that.

Mr. Frank Klees: Okay. What has happened since then is that the term "consolidation" somewhere along the line became interpreted by somebody, and obviously it was Dr. Mazza—clearly, we heard this morning that a very brilliant lawyer who understands the complexities of corporate structure came up with a scheme that would not only consolidate operations—dispatch and so on—but would go beyond that and would begin to internalize the actual ownership of a fleet of aircraft and would take on the responsibility of hiring paramedics. Would you agree with that?

Mr. Malcolm Bates: Well, I'm not sure I would characterize it as a scheme, but in fact what you're saying is probably correct.

Mr. Frank Klees: Okay. You've made reference to the performance agreement. I have read the original performance agreement. I know you're intimately familiar with it. That performance agreement sets out very clearly lines of responsibility.

Nowhere in that performance agreement that I can see, unless you can point me to it, does it in any way relieve the Ministry of Health, and specifically the emergency health services branch responsible for air ambulance or ambulance services in the province, of its oversight responsibilities. In fact, there are very specific references to reporting that's required, to oversight responsibilities. Would you agree with that?

Mr. Malcolm Bates: I agree that the Ministry of Health and the emergency health services branch have and had oversight responsibilities and that oversight responsibility was basically set in line by the Ambulance Act, by the performance agreement and by the transfer-of-payment accountability directive.

Mr. Frank Klees: Yes. You made reference to the fact that one of the responsibilities that the emergency health services branch has is to investigate. I believe that you referred as well to unannounced visits. If you're going to do the job properly then obviously you want to do those investigations in such a way that you show up, no different than Revenue Canada or others. How many of those kinds of unannounced inspections took place under the emergency health services branch at Ornge since its implementation?

1240

Mr. Malcolm Bates: Well, I think it's important to think about the total perspective of oversight. That includes investigations which are formal investigations, that includes unannounced inspections, and that includes what we call certification, which is a very thorough, comprehensive overall review of ambulance operators that we perform every three years. We perform an initial one, which was done with Ornge. We perform one three years thereafter, which was done with Ornge. We have another one subsequent coming up in the month of May of this particular year, a comprehensive overview of over 100 aspects of ambulance service that are looked at by a peer group of people within the business, within the industry, who understand, who are experts in the provision of air ambulance services.

Mr. Frank Klees: So specifically, my question was, and perhaps—if I could ask you to go back and provide the committee with the information about how many unannounced visits were made to Ornge for the purpose of doing the inspections; if you could do that.

Mr. Malcolm Bates: Yes, of course. But I should clarify a little bit. There are more operators than just Ornge that we have to do—

Mr. Frank Klees: I understand.

Mr. Malcolm Bates: There are contract operators, standing agreement operators as they are called, particularly in northern Ontario, who provide aircraft and air ambulance services for the assistance of Ornge when necessary, when Ornge aircraft are not available or when the patient condition dictates that a standing agreement operator will be used. We also do those types of reviews. Before you can provide air ambulance service or any type of ambulance service in the province, you must be certified. They're all certified by our branch.

Mr. Frank Klees: Chair, how much time do I have left?

The Chair (Mr. Norm Miller): You have a little over two minutes.

Mr. Frank Klees: Okay. The certification issue: One of the very disconcerting aspects of what has taken place is that somehow the responsibility for certifying and for training paramedics and, in fact, for certifying other operators was somehow morphed over to Ornge itself. I'd like your opinion as to the appropriateness that now, under this current structure, we have an air ambulance service that actually is self-inspecting, self-certifying and is training and also certifying its own paramedics without third party oversight for that responsibility. Can I get your thoughts on that?

Mr. Malcolm Bates: Yes, of course you can. Perhaps I'll correct something, all right?

Mr. Frank Klees: Okay, please do.

Mr. Malcolm Bates: All paramedics in the province must pass certification. They go through community college or a private college to gain their paramedic certificate. Then they must pass the examination set by the emergency health services branch. They all do that. They're all checked as well for background material so we know—all 7,000 paramedics must register with us, including all of those at Ornge. We certify those paramedics. We certify the operation of Ornge and all ambulance services in the province. You are correct in the sense that the responsibility for paramedics and the supply of paramedics was, in fact, transferred by the government to Ornge in 2006.

Mr. Frank Klees: Okay. And what about the other operators? Is there a certification process that Ornge has responsibility for to certify other providers?

The Chair (Mr. Norm Miller): You have just 30 seconds.

Mr. Malcolm Bates: I can only interpret what you're saying, sir. Ornge would look at their contractors and review those. But they are not the certification group; that is the emergency health services branch. We are the only certifiers of ambulance services in the province of Ontario. You cannot operate an ambulance service—Ornge or any other ambulance service—without a certification approval from the emergency health services branch.

The Chair (Mr. Norm Miller): Thank you. Time for the NDP. Mr. Singh.

Mr. Jagmeet Singh: Good afternoon, Mr. Bates.

Mr. Malcolm Bates: Good afternoon.

Mr. Jagmeet Singh: Mr. Bates, you were specifically responsible for the oversight of Ornge, amongst other organizations as well. Is that correct?

Mr. Malcolm Bates: We are responsible for some of the oversight of Ornge, not all of the oversight of Ornge. Bear in mind there's a great deal of oversight on Ornge, including what we're doing here today.

Mr. Jagmeet Singh: Perfect. So part of your oversight would involve patient care. Is that correct?

Mr. Malcolm Bates: Yes.

Mr. Jagmeet Singh: And part of it would involve the financial, in terms of how much money is being spent and where?

Mr. Malcolm Bates: Well, financially, yes, in terms of the coherence of Ornge with the budget that is provided to them.

Mr. Jagmeet Singh: Perfect. In terms of just the set-up of the way your ministry works, do you regularly check in with or report to the Minister of Health?

Mr. Malcolm Bates: Directly to the minister?

Mr. Jagmeet Singh: Yes.

Mr. Malcolm Bates: No.

Mr. Jagmeet Singh: And how would you convey your findings or any issues with the minister?

Mr. Malcolm Bates: It is a bureaucracy, as you've been told, and we provide information through, at various times, our ADM, executive lead, but at this particular point in time, it's the assistant deputy minister of the direct services branch.

Mr. Jagmeet Singh: Okay. So you would check in with the ADM.

Mr. Malcolm Bates: Yes.

Mr. Jagmeet Singh: And the ADM would then, presumably, pass the information on to the minister.

Mr. Malcolm Bates: I could not tell you—

Mr. Jagmeet Singh: That's fair. Did you ever receive any financial reports outlining the cost of salaries or other costs associated with Ornge?

Mr. Malcolm Bates: That is not the mandate of my branch.

Mr. Jagmeet Singh: Okay. Did you ever receive any reports on the cost incurred with respect to the ambulances—or the helicopters themselves?

Mr. Malcolm Bates: That would be the responsibility of Ornge itself. As long as they provide service under the performance agreement, they have the decision-making as to how they provide that service.

Mr. Jagmeet Singh: Did you ever oversee the way they provide their services by reviewing any documentation or reports provided by Ornge to you?

Mr. Malcolm Bates: Oh, absolutely. They provide numerous reports to us under the performance agreement, and under the new performance agreement, many more reports are required.

Mr. Jagmeet Singh: Did you notice anything that was awry in those reports that you received?

Mr. Malcolm Bates: I don't know what you mean by "awry."

Mr. Jagmeet Singh: Did you notice anything wrong with the reports that you received?

Mr. Malcolm Bates: Yes. As I indicated in my opening remarks, Ornge misled us.

Mr. Jagmeet Singh: And how did you realize that along the way?

Mr. Malcolm Bates: Ornge, in January of this year, provided us directly with a notification that they had falsified the number of transports that they had made over the years, which we had counted upon. And, I might say, the Auditor General also counted upon the infor-

mation from Ornge, because his data source is the same as our data source, and that's Ornge.

Mr. Jagmeet Singh: In January of what year?

Mr. Malcolm Bates: In 2012.

Mr. Jagmeet Singh: Okay. I'll pass it on to you.

The Chair (Mr. Norm Miller): Ms. Gélinas.

M^{me} France Gélinas: Thank you. The first question I'd like you to answer is that we were provided, at the end of March of this year, a couple of weeks ago, with answers from estimates that dated from a year and a half ago. In estimates in 2010, we asked 42 questions about Ornge but were never given the answers until March of this year. Did you know that there were 42 questions about Ornge in estimates that usually your branch would have handled?

Mr. Malcolm Bates: I did not know that you had not received information, because when we are asked for information, we provide it as quickly as possible.

M^{me} France Gélinas: So you were never told that there were outstanding questions from estimates that had directly to do with your division?

Mr. Malcolm Bates: No.

M^{me} France Gélinas: Okay. Did you know, since we were given answers in March, that somebody had given us answers to those questions in March?

Mr. Malcolm Bates: When we provide information, as this gentleman rightly said before, we provide it, if you want to call it, up the line. We provide it to our assistant deputy minister, and where it goes from there is basically the responsibility of another part of the ministry.

M^{me} France Gélinas: In your years of service as a civil servant, you're aware of the process called estimates, where the minister comes and usually the minister, the assistant deputy minister, and sometimes the people—directors—also come.

Mr. Malcolm Bates: Yes.

M^{me} France Gélinas: In previous years, when there were questions asked at estimates that needed to be answered, was your division ever called upon to answer questions?

Mr. Malcolm Bates: Very rarely.

M^{me} France Gélinas: Very rarely because no question pertained to your area?

Mr. Malcolm Bates: That's correct.

M^{me} France Gélinas: Okay. And this time, questions pertaining to your area—you were not made aware of them.

Mr. Malcolm Bates: If we are asked to provide information on questions of any sort, we provide that information.

M^{me} France Gélinas: Okay. Were you made aware that we had filed a request for freedom of access of information regarding the salary of Dr. Mazza?

Mr. Malcolm Bates: No.

M^{me} France Gélinas: Okay. When you supervise the budget of Ornge—that is, looking to make sure that there's coherence between what Ornge is doing and what

the budget document does—does this document ever talk about salaries?

1250

Mr. Malcolm Bates: No.

M^{me} France Gélinas: Were you surprised when you saw that the salary of Dr. Mazza was \$1.4 million?

Mr. Malcolm Bates: Of course.

M^{me} France Gélinas: In your view, do any of the other transfer payment agencies in your division have salaries in the millions?

Mr. Malcolm Bates: I hope not.

M^{me} France Gélinas: Have you ever seen anybody else in a transfer payment agency being paid over a million dollars?

Mr. Malcolm Bates: I've read about Ontario Hydro.

M^{me} France Gélinas: But within your division?

Mr. Malcolm Bates: No.

M^{me} France Gélinas: No? It doesn't happen? All right.

Would you say that you noticed an improvement in air ambulance services after 2006, after we went to Ornge?

Mr. Malcolm Bates: I cannot honestly say I saw an improvement, but on the other hand, I did not see a deterioration.

M^{me} France Gélinas: Were there any indicators that you had to monitor to see if there was going to be an improvement?

Mr. Malcolm Bates: There were many indicators, one of which was investigations, as we talked about previously, and a number of investigations in Ornge, as I also said previously, did not deviate from a trend that we would expect to see. It did not deviate from that that we saw in land ambulance service. It was totally normal until 2011—the latter part of 2011 and—

The Chair (Mr. Norm Miller): You have one minute left, France.

M^{me} France Gélinas: Okay. Right now, the former Minister of Health and the Minister of Health are laying the blame for what happened squarely in your division, that the bureaucrats did not do their work, did not flag things up to the ministry, which is why this scandal was allowed to continue for so many months, so many years. Do you agree with that?

Mr. Malcolm Bates: I can only tell you that the staff at the emergency health services branch, for which I am responsible, have acted totally appropriately and performed rigorously the oversight available to us and to them, including, as I said, the Ambulance Act provisions, the performance agreement provisions and a transfer payment accountability directive.

M^{me} France Gélinas: So when Mr. Apps comes and says that you did not have the competence to supervise this agency, do you agree with this?

Mr. Malcolm Bates: I have no way of saying anything about Mr. Apps, other than I can say to you that the people within the emergency health services branch are very capable. They are, in some instances, ex-paramedics. They have experience—in fact, air ambulance paramedics. We have financial expertise. I would tell you

that they are totally capable of doing the job that is put before them.

The Chair (Mr. Norm Miller): Thank you very much. Thank you for your testimony today.

Mr. Malcolm Bates: Thank you.

AGUSTAWESTLAND PHILADELPHIA CORP.

The Chair (Mr. Norm Miller): Our next witness will be Louis Bartolotta, executive vice-president of AgustaWestland Philadelphia Corp. Welcome. You've received information for a witness testifying before the committee?

Mr. Louis Bartolotta: Yes, I have.

The Chair (Mr. Norm Miller): And I believe we have an oath to do.

The Clerk of the Committee (Mr. William Short): Sir, the Bible's in front of you there. So, Mr. Bartolotta, do you solemnly swear that the evidence you shall give to this committee touching the subject of the present inquiry shall be the truth, the whole truth and nothing but the truth, so help you God?

Mr. Louis Bartolotta: I do.

The Clerk of the Committee (Mr. William Short): Thank you.

The Chair (Mr. Norm Miller): You have five minutes for a presentation, and then the three parties will have an opportunity to ask questions for eight minutes each.

Mr. Louis Bartolotta: Thank you, Mr. Chairman and members of the committee. As I was just introduced, I'm Lou Bartolotta, and on behalf of AgustaWestland, allow me to express our appreciation for allowing us to appear before you today.

Our company history is one of hard work, ingenuity, focus on the customer and, through these elements, success. AgustaWestland is a world leader in the manufacture of turbine-powered helicopters, serving both commercial and military customers around the world.

Today, over 4,500 AgustaWestland helicopters are in service in over 70 countries; 2,000 of them are serving in armed forces and military roles, and this includes the Royal Canadian Air Force's fleet of AgustaWestland Cormorant CH-149 search and rescue helicopters, whose 442 Squadron of Comox just won the SAR award—the search and rescue award—for operational rescue excellence at the 2012 Shephard's Search and Rescue conference. Our congratulations go out to them.

Another 2,500 of our helicopters are serving in commercial and public service roles, including aeromedical, offshore oil support, general utility, and police and municipal applications. More than 300 of our helicopters serve in the aeromedical field, and today over 80 AW139s serve in aeromedical and search and rescue roles in 16 different countries.

Ontario's health care system and the role Ornge plays in it are held in high esteem, so I think you can imagine how proud we were in August 2007 to be among those

manufacturers to receive a request for information from Ornge in its bid to replace its aging helicopter fleet. And we were even prouder in March 2008, after a rigorous selection process and a demanding contract negotiation phase, to be awarded the contract by Ornge to provide the next generation of modern helicopters to serve the citizens of Ontario for the next 25 years and more.

That process and that contract brought out the best in our company. The operational, delivery and certification demands defined by the Ornge team caused us to organize our internal resources even more effectively than before and to work seamlessly with external organizations such as Transport Canada and the FAA of the United States to achieve the contractual obligations, including certification of the 139's full ice protection system. This optional system, which allows the helicopter to operate in known icing conditions, is a first for an aircraft of this size. It was a wonderful challenge that faced us and one we were certain we would successfully meet, which we did.

We already had a winning aircraft in the AW139. Starting before its first customer delivery in 2004, the 139 had been met with unprecedented acceptance by the world's commercial, public service and military operators. Capable of carrying greater payloads greater distances in instrument and VFR conditions over its competitors, the 139 really is one of the great success stories of our company.

As testimony to that success, we will be delivering our 500th AW139 at the Farnborough air show this summer, and we expect the fleet operational hour level to reach or exceed the 500,000 flight-hour level by that time.

So with this selection of the 139, the citizens of Ontario are being provided with the best helicopter available to serve their aeromedical transportation needs. They are joining other prestigious Canadian operators of the 139, including the Shock Trauma Air Rescue Society of Alberta—and by the way, in 2013 they're moving into Saskatchewan as well—and London Air Services of London Drugs.

When AgustaWestland was given this opportunity to work with the province of Ontario, with the Ornge air ambulance model and with the 139, it was clear to us this was a winning combination, a wonderful brand and something well worth working together on to export beyond Ontario, both inside and outside of Canada.

Many countries today are eager to take a proven model such as yours and put something like it to work for their own citizens. And that concept is in line with one of our core values. Whenever possible, we believe in working in partnership with our customers and in supporting mutually constructive endeavours. For example, when AgustaWestland—

The Chair (Mr. Norm Miller): You have about a minute left for your opening statement.

Mr. Louis Bartolotta: Fine.

For example, when AgustaWestland was asked to contribute to the Ornge Foundation, we did so willingly. The same goes for the 2010 announcement of the Ornge-

AgustaWestland Endowment Fund for aboriginal learners, based in Thunder Bay and provided through Confederation College, to encourage aboriginal students to pursue careers as paramedics and pilots. These examples are no more than what we have done in the past with other programs we believe in.

In closing, yes, we are very proud of our affiliation with Ornge air ambulance, the Ministry of Health, the province of Ontario and with our service to the citizens they represent. We're grateful to be playing our part. Thank you.

The Chair (Mr. Norm Miller): Thank you for that. The official opposition goes first in this round of questioning. Mr. Klees?

Mr. Frank Klees: Thank you, Chair. Thank you, Mr. Bartolotta, for being here. Could you tell me about Finmeccanica? How is that company related to Agusta?

Mr. Louis Bartolotta: How is Finmeccanica related to Agusta?

Mr. Frank Klees: Yes.

Mr. Louis Bartolotta: Finmeccanica is the shareholder of AgustaWestland. It's a very large consortium of companies in the Italian industry. It is, I believe, the second-largest industrial conglomerate in Italy.

Mr. Frank Klees: So is it appropriate to characterize it essentially as the holding company of Agusta?

1300

Mr. Louis Bartolotta: It's the main shareholder of AgustaWestland.

Mr. Frank Klees: Who is Pier Francesco Guarguaglini?

Mr. Louis Bartolotta: Guarguaglini?

Mr. Frank Klees: Yes.

Mr. Louis Bartolotta: He was the past chairman of Finmeccanica.

Mr. Frank Klees: And where is he now?

Mr. Louis Bartolotta: I suppose in Italy; I don't know.

Mr. Frank Klees: What was his position with Finmeccanica?

Mr. Louis Bartolotta: I believe he was chairman.

Mr. Frank Klees: Why did he resign?

Mr. Louis Bartolotta: I don't know.

Mr. Frank Klees: You don't know?

Mr. Louis Bartolotta: Well, if you're alluding to the reports in the press, he resigned his position back—I'm not even sure—six months ago, eight months ago.

Mr. Frank Klees: Mr. Bartolotta, we all have access to information. It would be helpful and I think in your best interest if you just were forthright and told us why he resigned.

Mr. Louis Bartolotta: I think I just told you that I really don't have information on that. I couldn't add anything to what you might have read in the press.

Mr. Frank Klees: Well, I understand there were four investigations. Prosecutors exposed a system of patronage, slush funds, bribery and kickbacks at this company. Because of that, the chairman resigned. Does that help you remember?

Mr. Louis Bartolotta: Sir, you're talking about reports in the press. I can only tell you I have no more knowledge of what went on at Finmeccanica at that level than you do.

Mr. Frank Klees: I find that very hard to believe.

Mr. Louis Bartolotta: Well, I'm—

Mr. Frank Klees: However, it's your testimony under oath, and we'll see where this takes us. Do you know the name Lorenzo Borgogni?

Mr. Louis Bartolotta: No, sir, I do not.

Mr. Frank Klees: He was Finmeccanica's director of external relations, who also resigned after a flurry of media reports that he was being investigated in a slush funds case that involved bribery of politicians, kickbacks of deals. You know nothing about this?

Mr. Louis Bartolotta: No, sir, I don't. You have to understand, AgustaWestland is one of many companies within Finmeccanica. You're speaking about a holding company that resides in Italy, and I don't have direct information any more than you do.

Mr. Frank Klees: Well, the reason that I thought it was important that we have this discussion is because you're well aware that the Auditor General's report makes reference to a very interesting payment by AgustaWestland to Ornge, some \$6.7 million, very, very interestingly, a short period of time after a multi-million dollar purchase was made from Agusta. Those of us who have some knowledge of how business works immediately looked at that payment, and the flags went up. It sounds like a kickback to many of us. How would you characterize it?

Mr. Louis Bartolotta: I find your insinuation and allegation insulting to me professionally and to my company, and I have nothing further to say towards your statement. This—

Mr. Frank Klees: What was the \$6.7 million paid to Ornge for?

Mr. Louis Bartolotta: I'm not sure—

Mr. Frank Klees: What did you get in exchange for \$6.7 million?

Mr. Louis Bartolotta: Perhaps you'd like to tell me what \$6.7 million we're speaking about.

Mr. Jim McCarter: We mentioned \$4.8 million relating to—I think it was providing some marketing assistance. I'm not sure about \$6.7 million; maybe there was another \$2 million. We did mention there was a \$4.8-million marketing agreement, I think. Does that ring a bell?

Mr. Louis Bartolotta: Yes, marketing services agreement, yes.

Mr. Frank Klees: And what did you get for that? What did Ornge do for it?

Mr. Louis Bartolotta: Two things are important to understand about the Ornge program; one is the value for money that the citizens of Ontario have received in the purchase of these aircraft. There is no finer aircraft available today to provide this service to the citizens of Ontario. Distinctly different from that, you have, as I mentioned in my opening statement, a remarkable organ-

ization in Ornge. The depth of knowledge, of medical skills, of operational protocols are world-class—

Mr. Frank Klees: Really?

Mr. Louis Bartolotta: Yes, sir.

Mr. Frank Klees: You have not—

Mr. Louis Bartolotta: May I finish?

Mr. Frank Klees: You have not been in touch with Ontario—

The Chair (Mr. Norm Miller): Mr. Klees, please let him finish.

Mr. Louis Bartolotta: Thank you. The marketing services agreement that we have with Ornge, which was \$4.77 million, was a strict contract-for-services relationship. They are responsible for providing to us a series of reports, which they've done, to a degree, before all of this, unfortunately, blew up, to help us better understand where in the world there would be similar models that might be helpful for us to pursue—I'm speaking more generally, but where countries might have a requirement for aeromedical transportation, where the Ornge model might fit. We felt that their expertise was superior to anything else we could find in the marketplace, so we have a contract with them to provide those services and those reports.

The Chair (Mr. Norm Miller): You have a minute and a half, Mr. Klees.

Mr. Frank Klees: Okay. The rigorous RFP process to which you referred, I understand, took about 30 days from the time that the RFP went out to the time that it was closed. Do you consider that rigorous?

Mr. Louis Bartolotta: Yes, sir.

Mr. Frank Klees: Really?

Mr. Louis Bartolotta: Yes, sir.

Mr. Frank Klees: It's incomparable to any other RFP process that I have come across. There isn't anyone in the industry who considers that rigorous. I have to say, sir, that you don't leave me with a good feeling about the relationship between Ornge, the people who were involved in transacting the deals. We will have many more questions for you.

Mr. Louis Bartolotta: I appreciate it

The Chair (Mr. Norm Miller): Thank you. The NDP, who would like to ask questions? Mr. Singh.

Mr. Jagmeet Singh: Good afternoon, sir. So just to follow up with some questions on that, those services provided. Do I understand correctly that it's \$4.77 million—

Mr. Louis Bartolotta: Yes, sir.

Mr. Jagmeet Singh: —in exchange for reports that were provided from Ornge to AgustaWestland?

Mr. Louis Bartolotta: Yes.

Mr. Jagmeet Singh: And the nature of these reports, can you just clarify that?

Mr. Louis Bartolotta: The nature was basically a sequence of identifying what they saw as areas of the world where a model such as Ornge's would be appropriate to pursue; a prioritization of opportunities is the best way to put it.

Mr. Jagmeet Singh: Sure. How many reports were received?

Mr. Louis Bartolotta: Two.

Mr. Jagmeet Singh: Two reports?

Mr. Louis Bartolotta: Yes, sir.

Mr. Jagmeet Singh: And how long were these reports?

Mr. Louis Bartolotta: How long were they?

Mr. Jagmeet Singh: In length, in terms of—

Mr. Louis Bartolotta: Oh. I don't know specifically, but let me take a—I believe the first phase, phase 1, may have had 80 pages to it.

Mr. Jagmeet Singh: Okay. And how far in between were they provided?

Mr. Louis Bartolotta: They are sequential. They were to run from day 1 through 180, 181—six-month periods.

Mr. Jagmeet Singh: Six-month periods?

Mr. Louis Bartolotta: Yes.

Mr. Jagmeet Singh: And the agreement, how long was that agreement for?

Mr. Louis Bartolotta: It was for 500 and whatever—180 times—540 days.

Mr. Jagmeet Singh: Okay, 540 days. So the \$4.77 million reflects 540 days in which they would provide reports at six-month intervals?

Mr. Louis Bartolotta: Yes, sir.

Mr. Jagmeet Singh: Okay. At any point in time did AgustaWestland or any representatives meet with Mr. Mazza directly?

Mr. Louis Bartolotta: Certainly.

Mr. Jagmeet Singh: And in those meetings, were there ever any elected representatives present?

Mr. Louis Bartolotta: No, sir, not that I recall.

Mr. Jagmeet Singh: Okay. All the meetings that were involving the purchase of the helicopters, were they all conducted in Ontario or were any conducted in—

Mr. Louis Bartolotta: No, sir. They were held in Philadelphia, where we have, obviously, our North American facility. We have 535 employees producing two lines of aircraft, including the 139. They were held here in Toronto, and they were held in Italy as well.

Mr. Jagmeet Singh: Okay. Thank you.

M^{me} France Gélinas: Thank you. You'll understand by the line of questioning that the reason you're here today is because I put your name on the list, and the reason I put your name on the list of witnesses is because of what the auditor is just talking about, the fact that the Ontario government—I'm an elected official—has given Ornge millions of dollars to purchase helicopters.

Then we see that Ornge gets a contract from you. We have made a purchase—"we" as in taxpayers' dollars of Ontario have made a significant purchase with your company, and then you turn around and purchase services from us.

Mr. David Zimmer: Chair, just on a point of order.

M^{me} France Gélinas: I thought we were done with those things.

Mr. David Zimmer: Well, wait a second. You haven't heard what I'm going to say. Chair, I'd like to move in camera for a couple of minutes before we continue on this.

The Chair (Mr. Norm Miller): Okay, we will go in camera for a few minutes, if we can halt your testimony, please. We will go in camera.

Mr. Louis Bartolotta: Do I go back here?

The Chair (Mr. Norm Miller): Leave the room at this point, please.

The committee continued in closed session from 1312 to 1326.

The Chair (Mr. Norm Miller): Thank you for your patience, Mr. Bartolotta. We'll continue now with the questioning of the third party. Ms. Gélinas is going to restate the question she was last asking. She has about five and a half minutes left to ask you questions.

M^{me} France Gélinas: Sorry about this little interlude there.

We all got to decide who we wanted to call; I picked you. The reason I did that was because when I read the Auditor General's report, we can see the amount of taxpayers' money that has been paid to your company, to Agusta. Then we see Agusta buying services from the same entity that had bought services from you. The optics of it looks suspicious.

When you went and wanted to purchase services at Ornge, did any of them raise concerns that the optics would look bad, given that they were a government-funded agency?

Mr. Louis Bartolotta: No, ma'am.

M^{me} France Gélinas: They never did?

Mr. Louis Bartolotta: No, ma'am.

M^{me} France Gélinas: At your end—

Mr. Louis Bartolotta: Neither did we see it as something that would be viewed as such. It was a very honest, straightforward contract for services.

M^{me} France Gélinas: Okay. Are you aware of the corporate structure of Ornge?

Mr. Louis Bartolotta: Not intimately.

M^{me} France Gélinas: Okay. Do you know that there is part of Ornge that is a not-for-profit agency and there are some other parts of Ornge that are for-profit agencies?

Mr. Louis Bartolotta: I'm learning as we go, yes, that there are a variety of structures within Ornge.

M^{me} France Gélinas: When you purchased those services from Ornge, did you know which Ornge company you purchased them from?

Mr. Louis Bartolotta: The perception or the optics, to use your word, of Ornge to us was that it was Ornge and then Ornge Peel and then different names. BNY, I think, came out of it.

We had received notification from Ornge that they were establishing certain companies—not that they were for-profit or not-for-profit; just that they were incorporated under the laws of Ontario. So it didn't really—not that I say it didn't matter to us. We were confident that whatever was being structured was proper and that

the same people we were dealing with with the one entity were in the entities that were being created. So it didn't really cause too much concern.

M^{me} France Gélinas: So did you know which one of those entities you were purchasing services from?

Mr. Louis Bartolotta: Yes.

M^{me} France Gélinas: Do you remember the name?

Mr. Louis Bartolotta: Ornge Peel, I believe, was the one with the marketing services agreement.

M^{me} France Gélinas: Okay. So the marketing services agreement was signed with Ornge Peel, but the people you had been dealing with for the purchase were the same people that you were now purchasing services from?

Mr. Louis Bartolotta: Well, the officers, the people signing the contracts were Dr. Mazza, Maria Renzella; I believe Tom Lepine was on some of the documents. It was familiar faces, let's put it that way.

M^{me} France Gélinas: They were familiar faces that—

Mr. Louis Bartolotta: Yes, people we knew.

M^{me} France Gélinas: Okay. You know that Ornge has been dismantled, that Mr. Mazza is gone, that the entire board has been fired and a new board has been put into place. Did you know that they are under investigation right now?

Mr. Louis Bartolotta: I understand the board voluntarily resigned. Of course I understand—that's why we're here—that they're under investigation.

M^{me} France Gélinas: I just wanted to make sure.

So you saw no red flags when a company that you had just done business with—you go back and do business with them. Is this something that you've done in other parts of the world?

Mr. Louis Bartolotta: Yes, ma'am. Absolutely.

M^{me} France Gélinas: Okay, because we read the papers, just like everybody else. I'm reading "The Unravelling of Belgian Kickback Scandals," in which your company is named all over the paper. It looks very much like what happened in Ontario, where a purchase was done with your company and then a return purchase is then done, with your company purchasing services from executives in the Belgian government. Do the two transactions look alike to you?

Mr. Louis Bartolotta: Ma'am, I don't believe that was—

Mr. David Zimmer: That is just a patently unfair question, to take some situation—

The Chair (Mr. Norm Miller): You don't have the floor.

M^{me} France Gélinas: Do you know anything about the transaction that happened in Belgium with Agusta?

Mr. Louis Bartolotta: Do I know anything about the transaction? Ma'am, I don't think I was even with Agusta when the sale of the aircraft to Belgium took place. I'm not sure. It goes back quite a few years, we're talking about.

The Chair (Mr. Norm Miller): You have 30 seconds left.

M^{me} France Gélinas: Okay. We have an issue here in Ontario where our Auditor General has told us that the people of Ontario have not gotten value for the money that the taxpayers have invested. Some of that money has gone to your company, and some of that money has gone from your company back to holdings of Ornge.

If there is anything you can share with us as to whom you paid that money to and the type of report you got, if there was a request for proposals or sharing the contract—anything that would put that piece of the puzzle at ease, I would encourage you to do this because, right now, the optics in Ontario are not good. The people who were at Ornge, the people that you were used to dealing with, are also having a tough time. Anything you can do to show us that this was a legitimate transaction—you got \$4.77 million value of money for the services provided—please share that with us, because right now the optics are—

Mr. Louis Bartolotta: Can I take that back with me and review and get back to you on that?

The Chair (Mr. Norm Miller): Yes, you may.

Mr. Louis Bartolotta: Thank you.

The Chair (Mr. Norm Miller): It's time for the government to ask questions. Ms. Sandals.

Mrs. Liz Sandals: As Madame Gélinas pointed out, her party had asked for somebody from AgustaWestland to be called, and I think it was actually your company's choice that you would appear as the witness, Mr. Bartolotta.

Mr. Louis Bartolotta: Yes, ma'am, it was.

Mrs. Liz Sandals: I wonder if you could explain to us what your direct involvement was, because we got the impression it was because you were the person who was directly involved.

Mr. Louis Bartolotta: Yes. I'm executive vice-president with the company, and I was the lead in the negotiations with Ornge.

Mrs. Liz Sandals: Your name would appear on contracts?

Mr. Louis Bartolotta: Yes, ma'am.

Mrs. Liz Sandals: Okay. So you were directly responsible, then, for the negotiations?

Mr. Louis Bartolotta: Yes.

Mrs. Liz Sandals: One of the things that comes up in the Auditor General's report, which I think has received some attention from a lot of us, is the fact that there were 12 helicopters purchased. There are various numbers that float around as to the number that were actually required, but they tend to range, I think, more in the range of, six to 10 absolutely maximum were required, and it's clear that 12 were purchased. Did that come up at the time in the negotiations, an explanation as to why there were more helicopters being ordered than were actually required?

Mr. Louis Bartolotta: Ma'am, as a supplier of aircraft it's not up to us to address that situation with the customers. It's the customers' decision about how many aircraft they're going to buy for their needs, and then we do our best to respond to the request.

By the way, the contract was for 10 with two options, and then the two options were exercised within the option period of the contract.

Mrs. Liz Sandals: So, in fact, there were ultimately a total of 12—

Mr. Louis Bartolotta: Yes, but it was 10 plus two—

Mrs. Liz Sandals: —but it was 10 plus two options, which may be why the numbers that are reported don't always quite add up.

When a helicopter leaves Agusta, is it a shell or have you already done any of the interior configuration? Obviously, the bulk of them ultimately ended up being air ambulance configuration, but some of these helicopters ended up being a passenger configuration. When they leave Agusta, are they a shell or do you know which way they're headed?

Mr. Louis Bartolotta: Generally speaking, a customer—any customer, I'm speaking of—can take a variety of configurations at delivery. It can be what we would call green, with very little done to the aircraft except the basic fabrication of it; it can have some additional avionics put into it; it can be painted or not painted; it can have an interior that we're supplying. There's a wide variety of configurations.

Mrs. Liz Sandals: In respect of the 12 that were ordered by Ornge, how were they delivered in terms of configuration?

Mr. Louis Bartolotta: Ornge had everything done by us to the aircraft except the interior. The medical interior was a separate contract that they took care of, independently of us. Except for whatever a customer does—as I said, it's not unusual for a customer to go to a third party for an interior—we have to make certain that the two marry up for the plumbing, if you like; for the electrical and other components of the aircraft to marry up to the vendor supplying the interior.

With Ornge, I believe it was that 10 aircraft went ready to receive their medical interior. During the delivery process—I don't know where we were in the process of what number of aircraft—Ornge asked us to take the last two and put them into another configuration, which was more or less a standard configuration, a utility configuration.

Mrs. Liz Sandals: And that would be the last two that were the option—

Mr. Louis Bartolotta: Yes, ma'am, 11 and 12.

Mrs. Liz Sandals: —11 and 12 left you ready to be used as passenger or something—

Mr. Louis Bartolotta: They were not aeromedically configured; they were the standard seating.

Mrs. Liz Sandals: They weren't configured. So what would be particular about the first which left configured? Are you saying that the wiring is different, or lighting, or whatever?

Mr. Louis Bartolotta: They're ready to receive—how can I use an analogy—take a house, and you're having somebody come in and put in a new kitchen, with a lot of plumbing. You've got electrical and water and waste. To receive that, you have to put certain things into

the basic house, and then the person finishing it is going to come in and fit to finish. That's what we're talking about. So when we delivered to Ornge, they were painted, avionics—I'm not sure—we did have additional avionics installed; and it was ready to go to the completion house. So we delivered to Ornge, and then from there, Ornge had a contract with a third party and they took the aircraft home.

Mrs. Liz Sandals: Okay. Can we talk a little bit more about—because you've been asked considerably about the charitable contributions. I understand that large corporations often make charitable contributions, but how do you arrive at the decision-making? What decision-making went into deciding a \$2.9-million contribution to the charitable foundation? Because that's almost \$3 million—

Mr. Louis Bartolotta: Yes, ma'am. Oh, we know. We understand.

Mrs. Liz Sandals: Even for a big company, that's a big contribution. So how did you go about deciding to make this really big contribution to a charitable foundation that was, to put it mildly, not a very well established charitable foundation?

Mr. Louis Bartolotta: It was sometime after the contract had been signed. We were approached by Ornge, by Dr. Mazza, to consider—

Mrs. Liz Sandals: So this was post-signing of the contract?

Mr. Louis Bartolotta: Yes, ma'am; well after. He explained the foundation—by the way, when we talk about this size of money, about \$2.9 million, obviously it goes upstream. We have a lot of people who are cognizant of what's going on and involved in any decision like this. But basically, the foundation's purpose was explained to us. In raising the awareness of Ontarians to Ornge and to help people contribute to the foundation, which is, I guess, the best way to express the description of the foundation by Ornge to us, we felt that the program itself is something we believed in—

Mrs. Liz Sandals: So how did they describe the program? Because I think that's something that—

Mr. Louis Bartolotta: The foundation?

Mrs. Liz Sandals: Yeah, the foundation, because I think that's something that in fact is quite unclear to the Ontario public: What was the foundation actually supposed to be doing?

1340

Mr. Louis Bartolotta: As I recall, the foundation's purpose is to raise the awareness of Ontarians to Ornge and to solicit more people to fund the foundation so it gains, I guess, some fiscal strength.

But it was really the raising the awareness of the Ontarian that we were interested in. If it was something that hadn't been done in the past and it needed to be done, and we felt it was appropriate that we would support something like that, as I said before, we willingly supported contributing to it. It is a large sum of money, but we thought it was well worthwhile.

The Chair (Mr. Norm Miller): You have a minute left.

Mrs. Liz Sandals: Did you think of this in terms of something like a hospital foundation, where you know that when you contribute to a hospital foundation, they use it to buy more beds, more equipment?

Mr. Louis Bartolotta: Yes, ma'am.

Mrs. Liz Sandals: So what did you think when you found out it was used to purchase really expensive motorcycles?

Mr. Louis Bartolotta: That's not exactly the way—

Mrs. Liz Sandals: That's not—

Mr. Louis Bartolotta: No.

Mrs. Liz Sandals: Well, explain, then.

Mr. Louis Bartolotta: Okay. The foundation had a number of different, let's say, opportunities they wanted to pursue with using the foundation's money to just do that: Raise the awareness of Ontarians about Ornge.

One of them was—I don't watch the show very often, but it's Orange County Choppers, and there's a lot of synergy: Ornge, Orange of Syracuse—

Mrs. Liz Sandals: Chopper, chopper.

Mr. Louis Bartolotta: Chopper, chopper.

The actual amount of money that went to that—I think most of that went to the production of the television show. They only have 12 of the shows per year of all the motorcycles they make, and I think they probably make one a week or two a week or whatever it is. The production of the television episode is where most of the money went to.

The motorcycles were, I think—I'm going to take a guess and say they were \$50,000 or \$40,000 apiece, something like that. It was about that.

The Chair (Mr. Norm Miller): Thank you. We are out of time. Thank you very much for taking the time to come before the committee today.

MR. TREVOR HARNESS

The Chair (Mr. Norm Miller): Our next presenter is Trevor Harness, former aviation training officer with the MATC, Ministry of Health. Welcome, Mr. Harness. You've read the information for a witness testifying before the committee?

Mr. Trevor Harness: Yes, sir.

The Chair (Mr. Norm Miller): Okay, very good. Our clerk will do an oath.

The Clerk of the Committee (Mr. William Short): Mr. Harness, do you solemnly swear that the evidence you shall give to the committee touching on the subject of the present inquiry shall be the truth, the whole truth and nothing but the truth, so help you God?

Mr. Trevor Harness: I do.

The Clerk of the Committee (Mr. William Short): Thank you.

The Chair (Mr. Norm Miller): You have five minutes for an opening statement and then the parties will ask questions.

Mr. Trevor Harness: Thank you.

Mr. Chair and members of the committee, thank you for inviting me here today. I am a former member of the

Ministry of Health's air ambulance Medical Air Transport Centre and Ornge. In my 11 years working at air ambulance, I served as both a fixed-wing and helicopter flight controller, aviation trainer and member of OPSEU's local executive. I am a former police officer and certified police dispatcher and both a fixed-wing and a helicopter pilot. I have also got an extensive background in customer service, operational management and business operations, including setting up three communications centres.

As someone who is dedicated to my job, I was one of the many employees who were fired from air ambulance for attempting to stand up for patients and taxpayers during the creation of Ornge. I took incredible pride in my job and I am thoroughly disgusted at what has been allowed to happen to our air ambulance services in Ontario. It is a disgrace and an absolute abuse of taxpayers' money and, more importantly, their trust.

Part of my role here today is to give a voice to current and former employees, people who are and were dedicated to providing the highest, most professional level of air ambulance services to the citizens of this province, many of whom were bullied, harassed, ignored and terminated.

Although attempts were made to warn the minister of this growing crisis, they were all ignored by the Ministry of Health, the emergency health services branch and even the Auditor General's office. With nowhere else to turn, we collectively made a decision that was in the best interests of taxpayers and patients. When the ministry chose to look the other way and failed to live up to their responsibilities, our team was put into action.

The creation of Ornge and the subsequent for-profit entities has jeopardized the health care of citizens across this province. A monopoly by design, the cost of Ornge affects not only the public but numerous stakeholders, including hospitals, nursing stations, private aviation providers and hundreds of employees. People lost their jobs, people lost their lives, companies were forced out of business. Taxpayers' money was squandered with no care or concern. All the while, vital aircraft sat on the ground, with the excuse that the organization didn't have enough funding.

Ornge was an experiment gone very wrong, an experiment whose responsibility lies solely with the Minister of Health, the Ministry of Health and the emergency health services branch. As far back as 2006, attempts were made to alert them to problems developing with the creation of Ornge. Not one person followed up on credible leads and factual information. They chose to ignore the warning signs and failed to perform any due diligence. All senior management and members of the various boards of directors are equally responsible and culpable for the destruction of air ambulance services in Ontario.

Greed was the guiding principle in their decisions, decisions that benefited a select group who had no conscience about making a profit on the backs of sick and injured patients requiring emergency air transport.

Even more disturbing are decisions surrounding safety and service provision that were being made by un-

qualified individuals who were solely recruited for their ability to agree with management.

The organization itself was built on a culture of fear, intimidation and harassment. Anyone who questioned any decision, policy or procedure was dealt with swiftly, from immediate dismissal to threats of legal prosecution. Many hard-working, responsible and dedicated employees found themselves forced out of a job they were committed to, and no one would listen at the Ministry of Health, whose job it was to oversee this vital emergency service.

Nowhere else are the consequences more evident than in the communications centre, the heart of air ambulance operations. From here, emergency calls are received and life-saving flights are planned. Seconds count. Having the right people, the right equipment and qualified, experienced leadership means the difference between life and death. Yet again, the Minister of Health compromised one of the most essential components of air ambulance operations.

Today, the reputation of Ornge is one of failure, mistrust and scandal. A once proud and efficient organization is now an international disgrace. Their credibility has been lost and the damage has been done.

The problem is the business model itself. Simply changing the performance agreement or proposing new legislation is not the answer, nor is bringing in expensive consultants with absolutely no experience in Ontario's air ambulance program. Ornge is broken and cannot be fixed. Air ambulance is not a business; it is an emergency service and needs to be run like one. It requires specialized skill and experience. In this business, seconds count.

Today, there are still individuals at the organization who were actively involved in the design and subsequent demise of the air ambulance program. These individuals were architects of the culture leading to this catastrophe—individuals who have proven repeatedly that they have no idea what they're doing yet are still being grossly rewarded for their incompetence.

The public employees and stakeholders have all lost faith in the Ministry of Health. Contrary to what the minister may state, there is no confidence in the organization by front-line staff. They are frustrated, tired and mentally exhausted at the absence of qualified leadership and real change.

Respectfully, the Minister of Health and her staff are completely out of touch with the reality and the magnitude of this emergency. To use appropriate terminology, air ambulance is in critical condition.

Under the current structure and leadership, a once proud and reliable emergency service is now on a course to collapse. It is a rudderless ship that is destined for failure. Left to continue down this path, air ambulance services will not only get worse but the liabilities will continue to grow. For too long, inaction has led to tragedy.

You didn't listen to us before; please listen to us now. Lives depend on it.

Thank you once again for the opportunity to present to the committee, and I'd be very happy to answer any questions.

The Chair (Mr. Norm Miller): Thank you, Mr. Harness. The NDP will go first this time. Who would like to ask questions? Mr. Singh?

Mr. Jagmeet Singh: Mr. Mackie, thank you very much for coming here today and thank you very much for the introductory comments.

Mr. Trevor Harness: Mr. Harness.

Mr. Jagmeet Singh: Pardon?

Mr. Trevor Harness: Mr. Harness.

Mr. Jagmeet Singh: My apologies, Mr. Harness. Sorry, my notes are mixed up.

You indicated that you had already notified people before about some of the problems. Can you just explain who you notified and what the problems were that you highlighted?

Mr. Trevor Harness: Yes. On April 5, 2008, I was contacted by my manager at Ornge at the time—it had already done the transition over—regarding a call where a child had died. The child had died in the hospital, and our move of the patient to the hospital was done without incident, but it was one of the natural processes where they were doing an inquest.

During the Ministry of Health investigations—a woman by the name of Wendy Kerrigan was conducting the interview. Having been a police officer, I was aware of my rights and the process, and I was opposed to having members of the management team invite themselves to be part of this interview. It was done on tape, and at the end of it, Ms. Kerrigan asked me if I had anything that I wanted to share. I told her, in front of the management, that I did, but that I wanted to talk to her in private regarding some incidents. The manager at the time asked to see me out in the hall. The head of investigations—I apologize; I forget her last name—Debra, a former police officer, works as one of the investigators with Ornge. She demanded to know what I was going to tell them. I reminded her again of both her background as a police officer and mine, and that she was in a position of obstructing justice at this point. She subsequently stopped persisting to want to know what I was going to tell her. Ms. Kerrigan was then hassled, for lack of better terms, by Sandra Wilkie, who was the manager of the com centre at the time, and they wouldn't allow me to talk to her.

1350

I subsequently went back to my operational desk. Within 30 minutes, I was called to one meeting. We were incredibly busy, we were short-staffed. I had a suspicion of what they were up to and I was allowed to return to my desk only to be recalled, this time to go with the head of operations, Al Stephens, up to meet Rhoda Beecher, who was the VP of human resources.

Again, I asked her what this was about. We ended up in a boardroom with Chris Mazza and he had nothing shy of a temper tantrum because I refused to tell him what I was going to tell the Ministry of Health. He advised me

that he was going to grab the tape and he was going to find out, and his words were that nothing goes outside this house. I persisted in holding my ground. He had a shouting match and walked out of the room and never came back.

Within an hour of that I was suspended, and I cautioned everybody along the way, from the VP of HR to the manager of HR, that what they were doing was not only against our collective agreement, it was against the Employment Standards Act and it was against the Human Rights Code.

I was sent home. I asked why they were suspending me; they insisted they weren't suspending me. I was subsequently fired within 48 hours.

Mr. Jagmeet Singh: Okay. Could you just highlight some of the problems that were occurring at Ornge? If you could give me a list of some of the main problems.

Mr. Trevor Harness: They are endless. From the starting of operations, Ornge was, is and is continuing on down the path of having incompetent individuals running that organization; people with no qualifications whatsoever, people who have no qualifications in air ambulance.

The computer systems that they're using are not conducive to air ambulance operations. In this business, as you can appreciate, we don't have the luxury of pulling off to the nearest cloud to figure out things. We have to make decisions very quickly or people are going to die. The computer systems are part of the problem.

The quality assurance is a huge problem. They have an individual who is in quality assurance and has no idea what she's doing whatsoever. She's been doing that job for two years, yet the Auditor General's report identifies 12 separate areas where they couldn't even track something as simple as the number of ground ambulance transfers they did.

Mr. Jagmeet Singh: With respect to your correspondence, you said you tried to communicate some of these issues with the Minister of Health.

Mr. Trevor Harness: Yes, I did.

Mr. Jagmeet Singh: How did you do that and when did you do that?

Mr. Trevor Harness: Starting on April 6, I made several phone calls to the Ministry of Health, trying to get through. I did that for approximately three days. I was in touch with OPSEU, which was our union at the time. I could not get any answers from anybody, any headway whatsoever. At one point, OPSEU had contacted their legal department to actually bring Ornge in front of a courtroom because this had been happening on numerous occasions and they wanted to actually finally get this out in front.

After that, I personally contacted the Auditor General's office and spoke to one individual on two separate occasions because, as you can appreciate the nature of this, I was served with legal papers threatening to sue me if I spoke about anything.

I was advised by the Toronto Star that I was one of eight employees that were followed by private investigators hired by Ornge.

So you can imagine the atmosphere of trying to get information across. When we finally realized that we were getting nowhere, no one was going to listen, we turned to several media outlets and that's when we started essentially our own investigation.

Mr. Jagmeet Singh: So this is April 6, 2008?

Mr. Trevor Harness: Correct.

Mr. Jagmeet Singh: Did you ever send any correspondences, like a letter or an email, to the Minister of Health saying, "Listen, Ornge has got some serious problems"; anything of that nature?

Mr. Trevor Harness: I sent my suspension notice, which is five pages long, to the Ministry of Health and never got a reply.

Mr. Jagmeet Singh: Okay. Thank you.

M^{me} France G  linas: Just to keep on your train of thought, you outlined a number of deficiencies within Ornge. In your view, did the corporate structure that was put in place of having the not-for-profit and having other—did that help patient care in any way, shape or form?

Mr. Trevor Harness: Absolutely not. I spent the last year and a half investigating Ornge and their structure, and our team had tracked approximately 14 for-profit companies right from scratch—and this, believe it or not, is right off of Google. We use media sources.

The for-profit companies were there for one reason and one reason only: They were there to line the pockets of the same individuals that put themselves on all of the for-profit boards. The Ornge non-profit, the actual air ambulance operations, were put at jeopardy, for a lack of better terms, by the interests, which included sourcing out business, we investigated, down as far as Miami, Florida. So the effort that should have been put into the actual air ambulance, taxpayer-funded operations of providing helicopters and airplanes, was basically a distraction for the management. They were more concerned with figuring out ways to make money, to get shares, to get bonuses, versus the fact that your helicopters are not staffed with appropriate paramedics; you have aircraft sitting on the ground. At one point there was a Thunder Bay helicopter that sat on the ground for five days in a row because they said they didn't have funding to staff the aircraft.

The Chair (Mr. Norm Miller): And you have a minute left.

M^{me} France G  linas: When you say the same people that were all—would you name those people?

Mr. Trevor Harness: Well, the first one that comes to the list is Rainer Beltzner. He is the chair, or was the chair, of Ornge non-profit; also of the Ornge Foundation and of J Smarts. His name appeared on the top of the list of every single for-profit company. Chris Mazza's name also appeared on the majority of them, with the exception of one. Even Alfred App's name appeared on a holding company.

Mr. Jagmeet Singh: I'm just going to ask one quick question. You said there are some people who were

involved in the design and the destruction that are still involved now. Can you name those people as well?

Mr. Trevor Harness: Yes. There are numerous. There are literally every base manager. Steve Farquhar, who was Tom Lepine's—the former VP of operations—number one man on the job. These were people that designed the policies and the procedures that were put into place; Sandra Wilkie, who apparently was in charge of quality assurance for two years, and, as the auditor pointed out, there's major deficiencies. And these people are all making in excess of \$120,000 a year plus bonuses.

The Chair (Mr. Norm Miller): Thank you very much. It's now time for the government. Mr. Zimmer.

Mr. David Zimmer: You used the expression “we investigated” Ornge. Your investigation went on for a year. You made some reference to investigating something or a trip to Miami or something?

Mr. Trevor Harness: Yes, sir.

Mr. David Zimmer: How many people were on your investigative team?

Mr. Trevor Harness: On a reserve side, 28.

Mr. David Zimmer: And can I have their names?

Mr. Trevor Harness: That, unfortunately, you cannot.

Mr. David Zimmer: Why not?

Mr. Trevor Harness: Because, as with any intelligence and investigation, part of that is anonymity and we have to respect that.

Mr. David Zimmer: All right.

Mr. Trevor Harness: Just so you know, most of these people are still currently working either as paramedics or in the communications centre.

Mr. David Zimmer: Who's the lead investigator. Is that you?

Mr. Trevor Harness: I would say yes, that would be myself.

Mr. David Zimmer: Okay. Can you give me some of the names on the investigative team?

Mr. Trevor Harness: The only names that I can tell you would be Kevin Donovan of the Toronto Star, Paul Bliss of CTV, and, believe it or not, they have no idea that they are part of the team. They have been contacted over the last year and a half under different aliases—

Mr. David Zimmer: Sorry. I just want to understand this. So Kevin—

Mr. Trevor Harness: Kevin Donovan is the reporter for the Toronto Star.

Mr. David Zimmer: And Bliss? What's his name?

Mr. Trevor Harness: Paul Bliss from CTV did—

Mr. David Zimmer: And they're on your investigative team but they don't know they're on your investigative team?

Mr. Trevor Harness: Exactly. They've been spoken to under different aliases.

Mr. David Zimmer: Well, would they be surprised to know that they were on your investigative team?

Mr. Trevor Harness: No. Not at all.

Mr. David Zimmer: Well, then, why don't you tell them that they're on your investigative team?

Mr. Trevor Harness: If you're going to have an investigation where intelligence comes in, you're relying on a lot of trust of a lot of people with information.

Mr. David Zimmer: How can someone be on a team, whether it's an investigative team or a baseball team or any kind of team, without knowing it?

Mr. Trevor Harness: Well, this isn't a baseball team. This is an investigation into corruption, and when you're dealing with these kinds of investigations, you have to do what we commonly term as undercover work. I operate under three different alias names. People have no idea they've spoken to me in the past—

Mr. David Zimmer: Can you tell me what your alias names are?

Mr. Trevor Harness: That I cannot.

Mr. David Zimmer: Okay. Can you—thank you.

The Chair (Mr. Norm Miller): Ms. Sandals.

1400

Mrs. Liz Sandals: Okay, now my head is splitting. So this is an undercover intelligence team, and I think you said 28 members, but the two that you named didn't know that they're part of the team. How many of those other 28 members know they're part of the team or don't know they're part of the team?

Mr. Trevor Harness: Ninety-nine per cent of them know they're part of the team. The only reason those two don't, as you can appreciate, is, because we're dealing with contacting people right up as high as vice-presidents of companies, we can't simply say, “This is what we're going to do. We want to put it on the 6 o'clock news tonight.”

For example, the situation with CPR in the aircraft, where they couldn't do CPR: Those photographs were provided through the team by paramedics that are working still. As you can appreciate, they are in fear for their jobs if they're ever discovered.

Mrs. Liz Sandals: You mentioned that you've taken trips to various places to do this undercover investigation, so this is quite a large undercover investigation you're describing here. Who would be funding this undercover investigation?

Mr. Trevor Harness: Believe it or not, nobody. There's not a single person, including myself, that got paid a dime.

Mrs. Liz Sandals: And what are the qualifications of your undercover investigators?

Mr. Trevor Harness: When you talk about undercover investigators, you're talking about—it comes down to one essential word, and that is “trust.” If they trust me with the information, that I'm not going to reveal their identity, that I'm not going to pass on their IP address with an email, they're going to provide you with accurate information. The second you violate that trust, you will not get that source, very much like in policing; you will not get that source, that information you're looking for. It has taken us a lot of time to build up the trust of employees both current and former, members of various corporations, to give us information so that we can connect the dots so that we can put this information

forward which you have read about in the newspapers, no doubt, on several occasions.

Mrs. Liz Sandals: So are you claiming, then, that you're the source of all the information that has been in the media?

Mr. Trevor Harness: No. I would say that I'm one of probably—

Mrs. Liz Sandals: Or your team is the source?

Mr. Trevor Harness: Not the entire source. I certainly don't want to take anything away from Kevin Donovan; he had an entire team of reporters working on it, and they did a lot of their own investigations as well.

Mrs. Liz Sandals: Okay. Mr. Zimmer has a question, and then if we have some time, I have some more.

The Chair (Mr. Norm Miller): Mr. Zimmer.

Mr. David Zimmer: You're not prepared to share the names of your investigative team with this committee. Would you be prepared to share that information with, say, the ongoing OPP investigation?

Mr. Trevor Harness: If they asked me, I would certainly quantify those, and they would appreciate that there is a privilege there with informants. If we can provide any information, certainly.

Mr. David Zimmer: Thank you.

Mr. Frank Klees: Chair, I thought we had an agreement around this table regarding this issue. Mr. Zimmer raised it a number of times himself and now puts his foot in it.

Mr. David Zimmer: It's a process, not substantive. I just asked if he'd share the information.

Mr. Frank Klees: Chair?

The Chair (Mr. Norm Miller): Are you finished, Mr. Zimmer?

Mr. David Zimmer: I'm done.

The Chair (Mr. Norm Miller): Okay, Ms. Sandals.

Mrs. Liz Sandals: I guess, given Mr. Klees's role in all this, is he knowingly or unknowingly on your team?

Mr. Trevor Harness: Mr. Klees was one of the first individuals that I spoke to about a year and a half ago and forwarded a lot of the information to, as we did attempt to make contact with several other MPPs. I even tried, at one point, getting in touch with the Minister of Health herself, and couldn't get a response back on a couple of different occasions. They wouldn't even let us get past—I asked to speak to her assistant. I said, "I understand you're not going to put me right through to the Minister of Health, but let me qualify what I have to say," because our intent is and has always been by the team to fix this mess. Nobody is getting any compensation; nobody is getting any perks from anybody. Everyone here truly has a dedication for patient care. We've lived our lives to it.

Mrs. Liz Sandals: You talked about how you were Googling people, so in trying to prepare for today, I Googled you, and I came up with something called Regional Air Support and Rescue, RASAR. Your name came up as associated with that. Could you explain to us what that is?

Mr. Trevor Harness: Yes, that's a charity that I set up, as a helicopter pilot, to—

Mrs. Liz Sandals: So this is a charitable, non-profit helicopter business?

Mr. Trevor Harness: It's not a business; it's a charity. It's a registered charity.

Mrs. Liz Sandals: And what does this charitable helicopter business do?

Mr. Trevor Harness: Well, what we're in the process of doing is we have a fundraiser that is going this October. Our foundation is set to purchase a small helicopter that is going to be made available to emergency services in the GTA, that in the event a child goes missing or a patient wanders away from a medical facility, we would provide the aircraft and two of us pilots free of charge to that municipality.

Mrs. Liz Sandals: So you don't actually have a helicopter.

Mr. Trevor Harness: No. I fly through another base.

Mrs. Liz Sandals: So this thing exists on the website but it doesn't actually provide any—because it says it's air support and rescue. So at this point, it's a name, and you're trying to raise money—

Mr. Trevor Harness: That's correct.

Mrs. Liz Sandals: —but it doesn't actually provide any service, even though—

Mr. Trevor Harness: Not as of yet, no.

Mrs. Liz Sandals: So you're collecting money and getting—as a charity, but you're not actually providing any service?

Mr. Trevor Harness: No, that's incorrect. We're not collecting any money right now. As I said earlier, in October of this year we have a major fundraiser that's going to generate about \$600,000 net, and that money, in October, will be used to purchase the aircraft.

The Chair (Mr. Norm Miller): Thank you very much. And now we'll move to the official opposition. Mr. Klees.

Mr. Frank Klees: Thank you, Mr. Chair. Mr. Harness, I want to thank you for, first of all, being here, and for all of the work that you have done. Through you, I want to thank the other front-line people, pilots and paramedics, who have had the courage to come forward and provide us with information. Without that, we wouldn't be here today, so I just want to thank you for that.

Mr. Trevor Harness: Thank you.

Mr. Frank Klees: I also want to make it very clear that the objective that we have here in this committee is, first of all, to review the Auditor General's report, and it's the Auditor General's report that confirmed many of the things that you brought to our attention. Apart from the financial irregularities, which we're not going to get into here because there is a criminal investigation into those, what is particularly concerning to us are the operational issues, some of which you refer to. The Auditor General, in his report, indicated that there are some 20 incidents that were reported back to the board of Ornge; a number of those involved patient deaths. I think, as I hear you, as a professional, what motivates you and

has motivated you is precisely that—that we now have an air ambulance service that is dysfunctional at best.

You have heard the Minister of Health boast about a new CEO, a new board of directors, a new performance agreement, and that all will be well. I'd like to know from you, based on your knowledge of what is actually happening on the front line at Ornge, how encouraged should we be that we're on the right track here?

Mr. Trevor Harness: Not at all. Ornge is a model, as I mentioned earlier, that is broken. I am very familiar with the structure of STARS, Shock Trauma Air Rescue, out in Alberta. They have been running for 26 years. There was a vague attempt to model Ornge after the STARS model. You can't duplicate that. Air ambulance, as I mentioned, is an emergency service. You cannot run an emergency service, respectfully, with a board of directors and with individuals who may possess a private pilot's license and believe, again respectfully, that they have a knowledge of aviation.

Just recently, it was announced by Ornge that they are going to hire the former head of Toronto EMS, Bruce Farr, on a six-month contract for consulting. Now, respectfully, he has 30 years' experience and I'm sure he does know something about ground ambulance operations. Unfortunately, he knows nothing about air ambulance operations. And that's been the case with all of the senior managers and middle managers. They may have the best of intentions, but they do not have the operational knowledge of being able to select aircraft, know which aircraft to send, how to manage a comm centre. The communications centre alone, since 2006, has had seven directors. They have no idea what they're doing, and when they either give up and quit and/or get fired, they get replaced by somebody else, up to the current person, who was trying to learn what they do on the job by putting pieces of paper taped to a window asking employees to put their ideas up on how air ambulance should be run. I think at this point we're looking for a little bit more leadership than that.

1410

Mr. Frank Klees: You refer to the quality assurance issue.

Mr. Trevor Harness: Yes, sir.

Mr. Frank Klees: And around that, one of the issues that we have heard about quite a bit is Ornge's mandated delay policy.

Mr. Trevor Harness: Yes.

Mr. Frank Klees: Could you elaborate on that for us and tell us what the impact of that policy is on patient health?

Mr. Trevor Harness: That had a huge impact. When it comes to helicopter operations, contrary to what people may think, that a buzzer goes off, as you see on TV, and people go running to the helicopter, it doesn't happen like that. Previous to Ornge, as soon as a helicopter call came in—this is why you need qualified, very experienced people dispatching these aircraft, unlike today. You need to know weather, you need to know fuel, you need to know operations, you need to know capabilities,

and you need to get that aircraft in the air immediately, as seconds count.

At one point, Ornge attempted to put a 10-minute delay policy into place. Their justification for it was that it was going to help save on the cancelled-call ratio that they were experiencing. In my personal opinion, that's a cover for trying to save money. You cannot have a scene call response with a car accident or a train wreck—and I'll give you an example.

Outside of London last year in a town near Glencoe, a 24-year-old male in a pickup truck was struck by a train and dragged approximately 300 metres. He was trapped underneath the train, still alive. Anybody with half of training in aviation would know that if they're calling and they're saying, "This guy's alive under a train," there's a pretty good chance you need to get that helicopter in the air pretty quick.

At that point, they had their 10-minute delay policy that said that if a ground ambulance was within 10 minutes of reaching that scene, you're to weather-check the helicopter, tell him about the call, the area, but do not launch it. So when the ground ambulance showed up on this call, they looked at this guy under the train and, as you can imagine, said, "Oh, my goodness, we need a helicopter." They're out in the middle of nowhere.

In comes another policy from the Ministry of Health which is actually a good policy. When they finally mobilize this patient into an ambulance, the rule is, if you do not see the helicopter on final approach, you have to start heading to the closest hospital. In Glencoe, there is nothing. It's nothing shy of a clinic. So they transported the patient there. You've got to remember, the golden hour is now ticking.

The helicopter was subsequently called. The accident happened at approximately 10:45. The helicopter was not wheels up, in the air, until 11:20. By the time they got to what they call the "modified location" and back to the London hospital, it was 12:40. The flight from their base to that scene and direct to London Health Sciences would have been no more than 30 minutes.

This patient subsequently died, and I'm not suggesting for a minute that the 10-minute delay response was the sole contributing factor, but you have to agree that you'd have a better chance of survival getting to a hospital faster.

Mr. Frank Klees: Thank you. Mr. Harness, in your attempts to contact the minister, and you were unsuccessful in doing so—

The Chair (Mr. Norm Miller): And you're on your last minute, Mr. Klees.

Mr. Frank Klees: Okay. Did you inform anyone else in the minister's office or at the Ministry of Health about your attempts or about what your concerns were at any time, and if so, when did you make those contacts, and do you remember who you might have been able to contact?

Mr. Trevor Harness: I attempted several direct contacts by phone. Nothing ever came back. I do have a contact in the ministry, and I have relayed all my con-

cerns for the past year and a half to this individual. I am aware that some information has been met with success and some has not.

Mr. Frank Klees: But that information or that individual, you can't disclose, or can you?

Mr. Trevor Harness: No, sir.

Mr. Frank Klees: I think, Chair, that what we're hearing today from Mr. Harness confirms the need for a select committee. I think it's very obvious that there are many front-line people who would want to come forward. They're intimidated from doing so. We've heard from Mr. Harness that ongoing concerns are very much still there, and I think it's our responsibility to ensure that we create a forum where people can come forward safely and confidently, with the appropriate whistle-blower protection, so that we can in fact restore confidence in our air ambulance service, which is really the objective, first of all, of the Auditor General's report and of the Legislature.

The Chair (Mr. Norm Miller): Thank you for your comments, and thank you for your presentation today. We are out of time for your presentation.

ONTARIO AIR TRANSPORT ASSOCIATION

The Chair (Mr. Norm Miller): Our last presenter this afternoon is going to be Mr. Bob Mackie, who is director of the Air Transport Association. Mr. Mackie, welcome.

Mr. Bob Mackie: Thank you.

The Chair (Mr. Norm Miller): Just to confirm, you've read the information provided to witnesses testifying before the committee?

Mr. Bob Mackie: I have.

The Chair (Mr. Norm Miller): Okay, very well. Our clerk will go through the oath with you.

The Clerk of the Committee (Mr. William Short): Do you have the Bible?

Mr. Bob Mackie: Mm-hmm.

The Clerk of the Committee (Mr. William Short): Mr. Mackie, do you solemnly swear that the evidence you shall give to this committee touching the subject of the present inquiry shall be the truth, the whole truth and nothing but the truth, so help you God?

Mr. Bob Mackie: I do.

The Clerk of the Committee (Mr. William Short): Thank you.

The Chair (Mr. Norm Miller): Very well, you have five minutes for presentation and then we'll go to questions.

Mr. Bob Mackie: I'll read quick.

The Ontario Air Transport Association is a voice for Ontario's commercial air carriers, including those who supply air ambulance service to the Ministry of Health through Ornge. As certified and licensed air ambulance carriers, these carriers have been the backbone of the provincial air ambulance service for decades.

I have been involved myself in the air ambulance system since 1978. I have witnessed the system mature

from very humble beginnings to where patients are now transported in ministry-licensed ambulances.

The system continued to improve until 2006. The number of air ambulance bases and aircraft has severely dwindled under Ornge. For example, where northwestern Ontario once had five communities with a fixed-wing air ambulance base, there are now only two.

It is impossible to summarize in only five minutes what has transpired since 2006. Really, a hearing or inquiry should be called to allow witnesses sufficient time to bring forward the whole story.

The government announced in 2005 that it was appointing what we now call Ornge to work with the ministry "to streamline our air ambulance system." The mandate was to increase service, have a single point of contact and medical oversight. Absolutely nothing in this announcement indicated that there would be changes to the actual procurement of air ambulance services. The air carriers welcomed this announcement, as it was going to streamline the system.

On February 23, 2006, Deputy Minister Sapsford confirmed before this committee that the actual delivery of aircraft would continue to be done under external contract. He also stated "that the Ministry of Health isn't in the business of flying helicopters, maintaining them and so forth. It's a specialized business that others can provide on a contract basis, I would argue, more effectively and more efficiently than we could ourselves." We agree.

In that same meeting, Malcolm Bates confirmed that there were in fact competitive processes to secure air ambulance services and that Ornge was required to follow those processes. He also agreed with the statement "It's a specialized business."

The government's initial announcement; testimony to this committee by various government officials, including the deputy minister; the committee's report and recommendations to the House with respect to the auditor's report of 2005; and the actual performance agreement with Ornge confirm that there was never any intent for Ornge to start its own air service. In fact, the report to the House states: "Services are to be provided on a contract basis through external operators, with the expectation that this approach will be more effective and efficient."

What really happened, however, is to the detriment of the existing air carriers and, it would now appear, the Ontario taxpayer. How this came about is even more shocking.

In 2007, Ornge issued an RFI to the air carriers. Unlike previous RFPs, this RFI requested detailed proprietary and confidential information. No contracts were to be awarded. The carriers were told in a vendors' meeting that Ornge wanted this information to gain a better insight into cost drivers. When queried as to what would happen if a carrier did not reply to the RFI, it was bluntly stated that since the carrier was not working in a collaborative manner with Ornge, they should not expect Ornge to work in a collaborative manner with the carrier. Some call it blackmail.

The RFI closed on June 29, and shortly after, on September 17, what we now know as Ornge Global Air was incorporated as a for-profit corporation with Mazza as one of the directors. It appears that Mazza took it upon himself to start his own airline, using perhaps fraudulently obtained information as well as taxpayers' money to do so. He then gave his new airline business, without adhering to government procurement guidelines—in other words, he gave his new airline our business and we were actually forced to help him.

1420

He continued to conspire to eliminate the contracted carriers. He raided our staff, made it difficult to get paramedics trained and went so far as to tell some paramedics that if they wanted to upgrade their skills, they had to come and work for him.

OATA has repeatedly brought these and other abnormalities to the government's attention. Meetings were held in Thunder Bay with representatives from Minister Gravelle's office, MPP Bill Mauro's office and Ornge. As well, a letter to Minister Caplan in 2008 expressing continued concerns went unanswered by the ministry, referring us back to Ornge, the very organization that we were trying to bring to the attention of this government.

It now appears that the new board is not familiar with its own mandate and the government has forgotten the mandate as well. Mr. Delaney spoke to this committee about how dedicated the front-line people they have are. Absolutely, we agree; they used to work for us.

OATA specifically recommends that Ornge must return to and focus on its original mandate. Ornge Global Air was never part of that mandate and must be shut down.

The supply and operation of fixed-wing and rotary-wing aircraft must be tendered in an open and competitive bidding process, as was the government's stated intention.

As noted in the auditor's special report, neither Ornge nor Ornge-contracted consultants found any significant issues with the carriers. These carriers provide Ontarians with a service that puts emphasis on patient care and safety, and provide it at a very reasonable cost to the taxpayer.

I'd be happy to take questions.

The Chair (Mr. Norm Miller): Very well. Thank you. It's time for the government to go first. Ms. Sandals?

Mrs. Liz Sandals: Yes, thank you. When you say you hope that Ornge Global will be wound down, I'm presuming you don't simply mean shutting it down, which is happening. What is it that you see happening?

Mr. Bob Mackie: Well, I think we're all in a pickle here now, quite frankly. It's allowed to manifest itself because you do have Ornge Global Air now, and they are—because they've put other carriers out of business, have taken the medics and so on, there definitely needs to be a period of transition to go back to where the aviation services go back to where they belong in the aviation community.

Mrs. Liz Sandals: So you're recommending that all air service be provided by the standard offer agreement providers?

Mr. Bob Mackie: There used to be two really different ends. There was the critical care, which was a dedicated contract, and there was the helicopters. Actually, helicopters were operated by Canadian Helicopters Ltd. until just recently—a few months ago, right? So those Ornge helicopters you see flying through the air were not operated by Ornge; they were operated by Canadian Helicopters. The dedicated fixed-wing contract was operated—

Mrs. Liz Sandals: So what are you suggesting then? I'm sorry; I'm just trying to understand. You're suggesting that the service be automatically returned to Canadian Helicopters?

Mr. Bob Mackie: No, I believe that the operation of the equipment and whether or not that involves the sale of the existing equipment to the operator or lease—I mean, that would have to be determined, but the operation of the aviation assets should be returned to the aviation industry, who know what they're doing.

Mrs. Liz Sandals: And the paramedics and the folks who are actually—so you're talking simply about who flies the aircraft, who owns the aircraft. Is that what you're talking about devolving?

Mr. Bob Mackie: I'm in the flying business and, very briefly, the company that I'm involved with—

Mrs. Liz Sandals: Which is?

Mr. Bob Mackie: I'm the president of Thunder Airlines. We used to provide advanced care as well as primary care service to the province under a standing agreement situation. We were the largest advanced care carrier, for example. As a matter of fact, in Dryden I had a base which didn't cost the government a penny if they didn't use me, staffed 24 hours a day, seven days a week, with advanced care people, and it worked quite well.

Under Ornge, of course, that's gone. But as far as the medics go, the original mandate, I believe, back in 2005 to 2006 when it was sent over, was that certain medics would come under the umbrella of Ornge. I have no issue with that—the critical care and/or even perhaps the advanced care.

Primary care—the vast majority of patients in the province are actually moved as primary care, and there's no need for that, necessarily. They're not now under the umbrella of Ornge. They actually work for the operators.

Mrs. Liz Sandals: So you're less concerned about who the paramedics work for; you're concerned about who's flying the aircraft, be they helicopter or fixed-wing.

So your members are, then—helicopter aviation services and airplane aviation services are your members?

Mr. Bob Mackie: Members are primarily the fixed-wing industry.

Mrs. Liz Sandals: Okay.

Mr. Bob Mackie: There was really only one operator, as we know, in Ontario that was flying—

Mrs. Liz Sandals: —who was doing helicopters.

Mr. Bob Mackie: Yes, exactly.

Mrs. Liz Sandals: So your members are, for the most part, then, the fixed-wing operators.

Mr. Bob Mackie: That is correct.

Mrs. Liz Sandals: So your members, then, have lost that contract—no, there are still some of them.

Mr. Bob Mackie: There's a few left.

Mrs. Liz Sandals: How many of your members still have contracts?

Mr. Bob Mackie: I would say there's perhaps four.

Mrs. Liz Sandals: And how many of your members have lost the contracts?

Mr. Bob Mackie: Well, let's see here: Way back when, in 2005, we lost a total of six.

Mrs. Liz Sandals: And how many of your members have contracts? Of the four that still have contracts, are they still the same size of contract?

Mr. Bob Mackie: Oh, absolutely not. Thunder Airlines, with some decisions that were made in 2006, we elected—as I mentioned, we had advanced care bases, including on-site, which mirrored the government's critical care. That all got shut down overnight when Ornge simply changed the protocol and decided to move the responsibilities for paramedics. In order to what? Quite frankly, we suggest that it was probably because he was running out of money at the early stages. He put that onus on—

Mrs. Liz Sandals: He?

Mr. Bob Mackie: Mr. Mazza. He put that onus on the various hospitals. So all of a sudden, all of these highly skilled paramedics that we had, trained and certified by Ornge, weren't being utilized any more.

Mrs. Liz Sandals: So let's go back, then, to your members, though, who you're here to represent. You used your own example. So how much revenue, then, in contracts with the Ministry of Health or with Ornge, as the case may be over the years, would you have lost?

Mr. Bob Mackie: I think probably in the neighbourhood of—I would be shooting from the hip, and I really don't like to do that, but in 2006 down to 2007, my company probably lost about \$4 million to \$5 million.

Mrs. Liz Sandals: And you're saying that your members would be typically losing multimillions of dollars?

Mr. Bob Mackie: Yes, absolutely. My company is a little bit more heavily involved with the advanced care, so there's a much larger investment just in equipment and training and so on. But, yes, everybody who was doing advanced care definitely got the pinch.

Mrs. Liz Sandals: Okay. So in the model that you're proposing, obviously if there's multiples of you, the tens of millions of dollars, then, would be returned to your companies.

Mr. Bob Mackie: Well, you say model, but I just go back to: What was the original mandate? I'm just saying, go back to the original mandate that the government specified that they were going to do. We were all in agreement with it. They were going to look after the medics; they needed direct medical oversight. We had

this system where you had different base hospitals throughout the province.

Like I say, I've been very involved with the air ambulance, starting off as a pilot back in 1978, and I saw good things happening. And probably one of the biggest good-news stories was when they did this. They're going to centralize us; this makes sense. We had no issue with it, and they were supposed to continue the contracts. We expected—we'll call it the fixed-wing dedicated contract, which is for fixed-wing service in Sioux Lookout and Timmins; they've since added the machine in Thunder Bay due to the angioplasty there at Thunder Bay Regional, and the same thing with the helicopters. But the operation of those was to continue—the medics were supposed to go in those operations under the umbrella of Ornge, which was fine. They actually got downloaded from the ministry back in about 2000, which was a mistake. So they just went back to what the original plan was. It morphed from that.

1430

The Chair (Mr. Norm Miller): And we are out of time.

Mrs. Liz Sandals: We're out of time?

The Chair (Mr. Norm Miller): Yes. So we'll move to the official opposition. Mr. Klees?

Mr. Frank Klees: Thank you.

Mr. Mackie, thank you very much. I think you've helped to crystallize a good part of the issue here for us.

Again, to go back to a fundamental point: That was the vision of consolidating the service and centralizing certainly many aspects, particularly the oversight and the management of that. That was at the heart of that original mandate and announcement, and it's what would have been achieved through the original performance agreement. It was all there.

Mr. Bob Mackie: It was all there and it looked great.

Mr. Frank Klees: What went wrong, as you've pointed out, is that someone decided to take that vision and essentially morph it into a very self-serving business strategy. It was, I believe, never the intention to create another Ontario fleet of aircraft owned and managed by the province of Ontario.

Mr. Bob Mackie: That's right. There's at least no documentation that I can find where the government made any decision that they were going to tell the air operators in the province of Ontario, who supply services not just to the Ministry of Health but various other government agencies, that they were going to put them out of business. That was never announced.

Mr. Frank Klees: I'd like to get to the impact on patient care that that decision had and, actually, if we allow it to continue, will continue to impact patient care. Could you tell us how many bases were in place in Ontario prior to this Ornge decision and how many are in place now, and the impact that that has on actually reaching patients within the appropriate time frame?

Mr. Bob Mackie: Sure. For the record, as I mentioned in my little spiel there, it went from five fixed-wing bases in northwestern Ontario down to two. We now only have

Sioux Lookout and Thunder Bay. Red Lake, Fort Frances and Dryden have gone by the wayside.

In the rest of the province, we no longer have Hearst, Kapuskasing, Sudbury, North Bay, Sault Ste. Marie, Kingston, Toronto Island, London or Toronto Buttonville. Those were all places that had fixed-wing air ambulance service.

Just so recently as this past fall, when the operator out of Fort Frances actually moved his operation to Manitoba, there was a need to get a patient out of Fort Frances. Well, being the fall, the weather's not very nice. If you fly, you know that quite often you can take off but you can't land. It took two days to get that patient out. If that operator had still been there, there would have been no issue.

Mr. Frank Klees: So there's a significant impact on patient care.

Mr. Bob Mackie: Absolutely.

Mr. Frank Klees: Apart from the fact that the government has essentially moved in and stripped a lot of independent businesses of their business and the economic loss that goes along with that, we have the impact on the other side, on patient care.

Mr. Bob Mackie: Yes.

Mr. Frank Klees: Can I ask you this? This has been scrambled now. How do we unscramble this mess? Is it a matter of—and I think Ms. Sandals asked the question earlier. She said, is it just a matter of returning it to the place where it was or, I'd suggest and I'd like your thoughts on this, that one option is that we do what hasn't been done before—at least under Ornge—that we respect the procurement process of the province of Ontario and say, "Look, you people who are in the aviation business, come forward under an appropriate RFP, tell us what your expertise is, tell us what it is that you can do to deliver and restore confidence, restore the actual services that we need, and do so under a competitive process so that we know we're getting the best value for our dollar." Is that a reasonable option for us to consider?

Mr. Bob Mackie: Absolutely. Obviously there's going to be a transition period. We just can't leave the people of Ontario without an air ambulance service—that's obvious. But yes, I mean, the air carriers are more than willing, able and capable of doing exactly what you said, including the rotary wing.

Mr. Frank Klees: I've heard, and perhaps you know better, that there are a number of pilots who have left Ornge, there are others who are contemplating leaving, and the reason is that they do not have confidence in the management level at Ornge. The implication of that—could you talk to us about that? If you don't have the pilots, and there are only so many pilots in Ontario, what's the implication to our air ambulance service?

Mr. Bob Mackie: Well, I can't speak directly to the number of pilots leaving Ornge, because I just hear rumours and innuendoes, but obviously, that also happens in the industry as far as pilot movement goes.

I think, like anyone, they're nervous. They're seeing what's going on. They're seeing this hearing going on,

they're reading the Toronto Star and watching the TV, and they're seeing things. So yes, they've had issues with their management, they've had issues with their senior management—some of that has been changed. Unfortunately, part of the problem, from my perspective, is that—I mean, with all due respect to Ron McKerlie, he got parachuted into a pretty big mess, but it wasn't one of the normal messes that he was usually set to clean up. This is the aviation business. I've been in it for 35 years, and I've seen lawyers and I've seen doctors quit their practices because they wanted to start an aviation company. None of those are in business today.

Mr. Frank Klees: Including Dr. Mazza.

Mr. Bob Mackie: Apparently. You know, Dr. Mazza—I've actually known Chris Mazza since the mid-1990s, when he first became involved, because I was sitting on a committee for the Ministry of Health that was as a result of the air ambulance review. And even back then, all he could talk about was, you know, how he loved this particular aircraft, the PC-12, because he actually went down to Australia and flew a little bit with the royal Australian flying doctors, I believe it's called. So he had a vision, I mean, he definitely had a vision, and I was sold. I was sold up to 2006, and I did see improvements up until that point. But it was when he became—how shall we say—in charge and fiscally responsible, it kind of went downhill.

Mr. Frank Klees: So what was lacking was the accountability mechanism to oversee what was an original vision that actually should have, and could have, worked?

Mr. Bob Mackie: As I said, the mandate as announced by the government in 2005 was sound. It was sound. It just—somehow it went from this, it went from Deputy Minister Sapsford saying, "We're not getting in the aviation business. We're going to fix this so that we know how to send these airplanes out, and helicopters, know how to dispatch them, know how to get them back, know that the medics are well-trained, know that it works and clicks, but leave the aviation part of it to the aviation professionals." Suddenly, somebody thought—at least from my perspective—"I have an opportunity to start an aviation company." That's what happened. But people are taking that as they accepted the fact that he did that. There is nothing, at least that I can find—and I would love for somebody to point out to me where the government changed direction, what decision was made, who made it.

The Chair (Mr. Norm Miller): We are out of time for the opposition.

We move to the NDP. Who would like to ask questions over there? Mr. Singh.

Mr. Jagmeet Singh: Thank you very much. Mr. Mackie, thank you for taking your time.

Mr. Mackie, if you could just highlight, if you could just break down the specific areas where Ornge fell short of providing patient care and why the Ornge model was worse than the pre-existing model where the aviation was left in the hands of the independent carriers?

Mr. Bob Mackie: Patient care—well, where am I going to start with that? I'm a pilot, first of all, and I operate an aviation company. We are definitely concerned about patient care, because we are also a licensed, certified air ambulance company. However, all of our medics, and actually Mr. Bates mentioned today—I'm just going to fit this in here—that the Ministry of Health certifies and licenses paramedics. That's absolutely true, but didn't go so far as to say that you don't fly for Ornge unless you're also trained and certified by Ornge. That's another process that's on top of that. So it's not just that some land paramedic can get in the back of an airplane or even anybody who has written the provincial exam. There's another step.

1440

Patient care: In a lot of aspects, as far as the ability, the number of functions that paramedics, especially critical and advanced care paramedics and even to a certain extent primary care paramedics, are allowed to do has increased over the years, without a doubt.

Where patient care has probably gone backwards is that we are no longer—I believe part of the mandate was to increase availability of air ambulance in the province. I think I just named 13 bases that were now closed, so that, in itself, has to hurt patient care. You have Ornge aircraft now based—and fewer aircraft. So these aircraft that you now have left have to fly that much further. It's not uncommon for my company to get called up to leave Thunder Bay to go pick up a patient in Moosonee to take them to Timmins.

Mr. Jagmeet Singh: Okay. You expressed some concerns about what was going on in Ornge. You expressed those concerns to the Minister of Health; is that correct?

Mr. Bob Mackie: One of our members wrote a letter to Minister Caplan.

Mr. Jagmeet Singh: When was that letter written and what was the content of it? Basically, what was said?

Mr. Bob Mackie: Well, I can submit that, if you like—

Mr. Jagmeet Singh: Yeah, that would be great.

Mr. Bob Mackie: Or not.

Mr. Jagmeet Singh: Perhaps if you could table that—

Mr. Bob Mackie: Yeah, I can table the correspondence to that end, sure.

Mr. Jagmeet Singh: Certainly, and to save time, you can do that at the end.

Mr. Bob Mackie: That's fine.

Mr. Jagmeet Singh: Do you know roughly when that was written?

Mr. Bob Mackie: Well, it was 2008. I believe it was in the summer of 2008. It took months for an answer to filter back, and it actually got to the minister's office through Minister Gravelle's office locally in Thunder Bay, and then forwarded to Minister Caplan.

Mr. Jagmeet Singh: So you mention Mr. Gravelle. What was Minister Gravelle's involvement? Did you complain about Ornge to Minister Gravelle?

Mr. Bob Mackie: We were complaining—we had numerous meetings; one meeting actually where Ornge

attended with counsel, in Thunder Bay. Minister Gravelle himself was not there. He sent a representative of his office there.

Mr. Jagmeet Singh: Okay. And what was discussed at that meeting?

Mr. Bob Mackie: The operators—and these, by the way, include operators who are not air ambulance companies, but saw problems—helping—or on the horizon, I guess. The very same thing—what's the government or a government-sanctioned entity getting into aviation? You're going in, you're being a competitor with private enterprise, and you're stealing our people.

Mr. Jagmeet Singh: So you expressed that concern with a representative of Minister Gravelle's office, with Ornge officials there, with counsel and with yourself?

Mr. Bob Mackie: Yes.

Mr. Jagmeet Singh: And did you address any concerns with the actual quality of the care being reduced and problems with Ornge itself?

Mr. Bob Mackie: Quality of care, no. No patient care issues were really brought up in those meetings, no.

Mr. Jagmeet Singh: It was just the conflict of interest or—

Mr. Bob Mackie: It was a conflict of interest, and it was against what was the mandate. And I'd like to go so far as to say is—they were sneaky how they did it. Can I be blunt?

Mr. Jagmeet Singh: Yeah.

Mr. Bob Mackie: Very, very sneaky. As I mentioned, the RFI that came out, that vendors' conference was at the Sheraton Hotel at Pearson airport. The operators were just livid in that meeting: What are you doing? We had to give our contract fuel prices, which are highly, highly confidential. With our contracts that we do with Imperial Esso, we had to turn that over to Ornge or we wouldn't get any more further contracts. Like, what's with that?

Then they also went on to—you know, "Oh, no, we're not buying airplanes. We just want to do this so we get a better understanding of the aviation industry." Meanwhile, I'm on a safety board with the National Business Aircraft Association. I'm in Orlando, I think it was 2006 or 2007. There's people down there already shopping for helicopters and fixed-wing airplanes. I mean, aviation is a small business. They started making noises that they were shopping—like, we knew the same day.

Mr. Jagmeet Singh: Okay. Just to build on that, you were concerned with Ornge getting into the aviation business. Was there a cost savings associated with the previous plan versus Ornge's plan?

Mr. Bob Mackie: Well, let me put it this way. You had 13 more bases. You had an advanced care, 24-hour base in Dryden. You had more advanced care service. You had all these aircraft. I think Malcolm Bates in 2006 said there were 25 aircraft available at any given time, and they were only spending \$97 million. That's a far cry from what's being spent today.

Mr. Jagmeet Singh: Okay, that's excellent. Thank you.

The Chair (Mr. Norm Miller): And you have a minute and a half.

M^{me} France Gélinas: Just a few questions. Am I right in thinking that the Ontario Air Transport Association actually wrote to Minister Matthews, the present Minister of Health, in May 2011? That would be about a year now.

Mr. Bob Mackie: Yes, that's correct.

M^{me} France Gélinas: Do you remember the content of this letter?

Mr. Bob Mackie: Not precisely. It was the president of the association that sent it out. I've read the copy, but I've had—you'll have to bear with me. I've got about 180 hours worth of research just into the last few weeks. But I can actually give you a copy of that letter. I don't have it with me here today, but I can put my hands on it.

M^{me} France Gélinas: I would really appreciate if you could table it.

In your experience and knowledge—you know what's going on with Ornge right now. It has become a scandal. I take it you read the papers just like the rest of us and watch TV like the rest of us. Did you see this coming?

Mr. Bob Mackie: Yes.

M^{me} France Gélinas: And when did you see this coming?

Mr. Bob Mackie: Well, I probably saw it coming three, maybe four, years ago. What we saw was a house of cards being built, and this house of cards had no way of sustaining itself. It was going to collapse. It didn't collapse exactly the way I thought it was going to, but it was not sustainable with what they were doing.

M^{me} France Gélinas: Could you tell me some of the pieces of the house of cards that you knew about?

Mr. Bob Mackie: Well, the fact of the matter is—

The Chair (Mr. Norm Miller): You have a minute left.

Mr. Bob Mackie: —and I think the previous person mentioned it, unfortunately you have, again, an aviation company being run by people who didn't know an awful lot about aviation.

It was also obvious because as time went on—we see on September 16, 2007, that he's starting a for-profit company. As a matter of fact, I was in a meeting with Ornge in Thunder Bay. The operators were there that have been called by Ornge. They had their counsel there.

They had the head of the MAC at the time, which was Dr. Bruce Sawadsky, there, along with Rick Potter.

It came up in the meeting—I forget how, but they were trying to say, “We want all this information. We want to work with you.” And I asked them, “What about 878”—I forgot the number now—“Canada Inc.? What's this?” And they had no idea. The counsel had no idea. So this was the for-profit company that you guys just incorporated a few months ago, okay? It's going to be Ornge Air, because we know that you've applied for an operating certificate. We know that you've applied to the Canadian Transportation Agency for an operating licence. This is all public knowledge.

So it was like they could go about and do whatever they wanted, with no oversight and no accountability to anyone. I actually laugh about this. Somebody just yesterday said, “How is that?” My answer to them, as simplistic as it is—I said, “You see it's a nice blue sky out there? They could walk into the room and tell you that that's a purple sky and you were expected to believe it. It was their way or no way.”

The Chair (Mr. Norm Miller): Thank you very much for your testimony today. We appreciate you coming.

A couple of items before the committee wraps up. Next week on the 25th, I'm informed by the clerk, we have plenty of people to ask to come before the committee from our existing list, so the clerk is going to work on lining those people up. We would start at 8:30 a.m. on Wednesday so that we have some time to deal with the motions etc. I anticipate a subcommittee meeting to look at future witnesses as well. The two people we missed today, Tim Shortill and Barry McLellan, will be scheduled as the first two people on Wednesday.

Mr. Frank Klees: Chair?

The Chair (Mr. Norm Miller): Yes, Mr. Klees.

Mr. Frank Klees: Do we have time for me to bring forward two motions? They're just witnesses that I'd like to have called.

The Chair (Mr. Norm Miller): We have a number of them. You can table them with the committee and we will deal with those next Wednesday.

Mr. Frank Klees: Okay. I'll do that.

The Chair (Mr. Norm Miller): Thank you. This committee is recessed.

The committee adjourned at 1450.

CONTENTS

Wednesday 18 April 2012

Special report, Auditor General: Orange Air Ambulance and Related Services.....	P-79
Executive Council of Ontario.....	P-79
Mr. Peter Wallace	
Wildeboer Dellelce LLP	P-85
Mr. Alfred Apps	
Ministry of Health and Long-Term Care	P-93
Mr. Malcolm Bates	
AgustaWestland Philadelphia Corp.	P-98
Mr. Louis Bartolotta	
Mr. Trevor Harness	P-104
Ontario Air Transport Association.....	P-110
Mr. Bob Mackie	
Subcommittee report	P-79
Committee business.....	P-92

STANDING COMMITTEE ON PUBLIC ACCOUNTS

Chair / Président

Mr. Norm Miller (Parry Sound–Muskoka PC)

Vice-Chair / Vice-Président

Mr. Toby Barrett (Haldimand–Norfolk PC)

Mr. Toby Barrett (Haldimand–Norfolk PC)

M^{me} France Gélinas (Nickel Belt ND)

Mr. Phil McNeely (Ottawa–Orléans L)

Mr. Norm Miller (Parry Sound–Muskoka PC)

Mr. Reza Moridi (Richmond Hill L)

Mr. Jerry J. Ouellette (Oshawa PC)

Mrs. Liz Sandals (Guelph L)

Mr. Jagmeet Singh (Bramalea–Gore–Malton ND)

Mr. David Zimmer (Willowdale L)

Substitutions / Membres remplaçants

Mr. Frank Klees (Newmarket–Aurora PC)

Mr. Michael Prue (Beaches–East York ND)

Also taking part / Autres participants et participantes

Mr. Jim McCarter, Auditor General

Clerk / Greffier

Mr. William Short

Staff / Personnel

Mr. Ray McLellan, research officer,
Legislative Research Service

2012
C21
P72

Govern
Publica

P-7



P-7

ISSN 1180-4327

Legislative Assembly of Ontario

First Session, 40th Parliament

Assemblée législative de l'Ontario

Première session, 40^e législature

Official Report of Debates (Hansard)

Wednesday 25 April 2012

Journal des débats (Hansard)

Mercredi 25 avril 2012

Standing Committee on Public Accounts

Special report, Auditor General:
Ornge Air Ambulance and
Related Services

Comité permanent des comptes publics

Rapport spécial, vérificateur
général : Services d'ambulance
aérienne et services connexes
d'Ornge



Chair: Norm Miller
Clerk: William Short

Président : Norm Miller
Greffier : William Short

Hansard on the Internet

Hansard and other documents of the Legislative Assembly can be on your personal computer within hours after each sitting. The address is:

<http://www.ontla.on.ca/>

Index inquiries

Reference to a cumulative index of previous issues may be obtained by calling the Hansard Reporting Service indexing staff at 416-325-7410 or 325-3708.

Le Journal des débats sur Internet

L'adresse pour faire paraître sur votre ordinateur personnel le Journal et d'autres documents de l'Assemblée législative en quelques heures seulement après la séance est :

Renseignements sur l'index

Adressez vos questions portant sur des numéros précédents du Journal des débats au personnel de l'index, qui vous fourniront des références aux pages dans l'index cumulatif, en composant le 416-325-7410 ou le 325-3708.

Hansard Reporting and Interpretation Services
Room 500, West Wing, Legislative Building
111 Wellesley Street West, Queen's Park
Toronto ON M7A 1A2
Telephone 416-325-7400; fax 416-325-7430
Published by the Legislative Assembly of Ontario



Service du Journal des débats et d'interprétation
Salle 500, aile ouest, Édifice du Parlement
111, rue Wellesley ouest, Queen's Park
Toronto ON M7A 1A2
Téléphone, 416-325-7400; télécopieur, 416-325-7430
Publié par l'Assemblée législative de l'Ontario

LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
PUBLIC ACCOUNTSCOMITÉ PERMANENT DES
COMPTES PUBLICS

Wednesday 25 April 2012

Mercredi 25 avril 2012

*The committee met at 0830 in room 151.*SPECIAL REPORT, AUDITOR GENERAL:
ORNGE AIR AMBULANCE
AND RELATED SERVICES

The Chair (Mr. Norm Miller): I'll call this meeting to order. We do need to go in camera to discuss a couple of issues that have come up, to begin with.

The committee continued in closed session from 0830 to 0900.

ORNGE

The Chair (Mr. Norm Miller): We'll start this morning, then, with our first presenter, Barry McLellan, board member of Ornge. Thank you very much for being so understanding, having been bumped twice from presenting. We appreciate you coming in this morning and changing your schedule.

Just to confirm, you've received the letter about information of a witness testifying before the committee?

Dr. Barry McLellan: I did.

The Chair (Mr. Norm Miller): Okay. Our clerk has an oath for you.

The Clerk of the Committee (Mr. William Short): There's a Bible on the witness table there for you.

Mr. McLellan, do you solemnly swear that the evidence that you shall give to this committee touching the subject of the present inquiry shall be the truth, the whole truth and nothing but the truth, so help you God?

Dr. Barry McLellan: I do so swear.

The Clerk of the Committee (Mr. William Short): Thank you.

The Chair (Mr. Norm Miller): Very well. You have five minutes for an opening statement, and then we'll go to the three parties for questioning.

Dr. Barry McLellan: I appreciate having been provided with the opportunity to make an opening statement. In fact, I do not have a statement this morning. I feel that the best use of time is to provide as much time as possible for questions and me to be able to advance the process.

The Chair (Mr. Norm Miller): That's fine. We'll split the time amongst the three parties. We'll start with the official opposition, and you have 10 minutes.

Mr. Frank Klees: Thank you for being here. At the outset, let me thank you for taking on a huge challenge.

As someone with an extensive background in the medical field and health care delivery, I'm sure that you haven't taken on this responsibility lightly. You are the president and CEO of a major hospital?

Dr. Barry McLellan: That's correct.

Mr. Frank Klees: I understand that you're getting paid approximately \$700,000 for that responsibility. Is that right?

Dr. Barry McLellan: That's correct.

Mr. Frank Klees: What is the operating budget of your hospital, and what is the total staff complement there?

Dr. Barry McLellan: The total operating budget inclusive of all sources, including research, would be just over \$850 million per year. We have just over 10,000 staff, including part-timers, and that does not include the medical staff or volunteers.

Mr. Frank Klees: What is the operating budget for Ornge, and what is the total staff complement there?

Dr. Barry McLellan: The total operating budget is in the range of \$150 million. I actually don't know the current full-time staff complement, Mr. Klees.

Mr. Frank Klees: Approximately?

The Chair (Mr. Norm Miller): The Auditor General has comments on it.

Mr. Jim McCarter: I think it's about 400 people, Mr. Klees, if that helps.

Dr. Barry McLellan: I was going to say "just short of that," but I'm sure it's in that zone, Mr. McCarter.

Mr. Frank Klees: Okay. Thank you. So when you compare, Mr. McLellan, your pay and the scope of your responsibilities to the \$1.4 million received by Dr. Mazza and the comparative 10,000 staff to some 400, how would you describe the decision of the previous board in approving that pay package for Dr. Mazza?

Dr. Barry McLellan: I'm not sure I can really comment on the decision-making of others. It is fair to say that that is a significant salary compared to others in comparable positions, Mr. Klees. I was not party to any of that discussion. I'm not sure exactly what discussion did or did not take place, but it has been pointed out, and I don't disagree, that that is a very large salary.

Mr. Frank Klees: Would you have voted in favour of supporting that compensation package if you were on the board at that time?

Dr. Barry McLellan: No.

Mr. Frank Klees: Mr. McLellan, I understand that in addition to the typical responsibilities that come with directorships, you've also taken on the task of heading up a committee to address patient safety issues at Ornge, strengthening the on-scene process, resolving the medical interior issues of the helicopters and also conducting a review of all of the policies. That's what was reported. Can you confirm that? Is that the task that you've taken on as a director?

Dr. Barry McLellan: I am the chair of the quality committee, Mr. Klees. Originally, it was called the quality of care committee, but with the new performance agreement it will be changing to the quality committee. In that position, as a director at Ornge, as a board member, we have oversight for quality issues. That does include the medical interior issue. It includes many other quality issues as well.

Mr. Frank Klees: It's a huge undertaking. How much of your time is actually being taken up with that ominous task?

Dr. Barry McLellan: Do you know, it's quite variable week to week, as you might expect. It is not an insignificant amount of time. I would say that in a week it could be as much as 15 to 20 hours, and then other weeks it is less.

Mr. Frank Klees: You are familiar, obviously, with the Auditor General's report. You've seen some of the very specific references to the concerns about quality of care and response time. You are familiar with the Auditor General's specific reference to the fact that over 2009-10, in that particular year, some 20 incidents were reported back to the board. Some of those involved the deaths of the patients. Obviously quality care and quality and service delivery are a concern.

What are you doing in your capacity to reach down into the front lines? Whether it's paramedics or whether it's people in the dispatch area, whether it's pilots who have been very frustrated, based on information that we're getting—certainly members of this committee have been getting feedback from that front line in terms of the inability that they have to actually get the job done. What are you doing to reach out to those front-line people to get their input into what went wrong and what needs to be done to restore confidence in that service?

Dr. Barry McLellan: I'm going to address the specific aspects around what we are doing. I just have to indicate that I've no reason to question the specific dates that you gave in the Auditor General's report or the numbers, but without having the report in front of me—I'm not suggesting you want me to validate those; I'm unable to do so without the report in front of me.

Mr. Frank Klees: I trust the Auditor General.

Dr. Barry McLellan: I think it was context, and you're more interested as to what we're actually doing.

Mr. Frank Klees: Right.

Dr. Barry McLellan: The quality committee has identified three major issues for management to focus on, and the reason that we have chosen three and the specific issues relate to priority and the fact that there are other

quality issues that may be of concern, but we want to ensure that they're addressed in a way that we can make progress around individual areas and not as management to take on too much, which would not be in the best interests of patient care.

The three areas that we have identified through our committee for major initial focus include staffing—and staffing relates specifically to critical care paramedics and advanced care paramedics. We are concerned that we are not fully staffed. This is particularly of note in north-eastern Ontario and northwestern Ontario. As a result of this, there are certain calls where we don't have the appropriate level of paramedic in order to provide optimum care. That staffing issue is the number one quality priority.

I don't want to suggest that pilot staffing is not also an issue, but the major concern is the staffing as it relates to paramedics. That's number one.

Number two is the interior issue. You mentioned that earlier, Mr. Klees, specifically as it relates to the AW139.

The third is the quality of information that's being collected around individual calls, and I'll even extend that to certain calls where Ornge is unable to respond. I can indicate that there's even a greater concern beyond that, because we believe that there may be circumstances where hospitals are not even putting a call in to Ornge because of previous experience where Ornge has been unable to respond.

Those are the three areas where we are asking management to focus their initial attention.

Mr. Frank Klees: I'd like to just spend a little bit of time on the interior design. I had a discussion with Mr. McKerlie when he was here about that.

The Chair (Mr. Norm Miller): Mr. Klees, you have about a minute left.

Mr. Frank Klees: Time flies. Let me just put it this way. There's a medical director at Ornge today: Dr. Sawadsky. My understanding is that it was actually Dr. Sawadsky who was the medical director and had responsibility for oversight. One of those issues of oversight was the medical interiors; that he signed off on those medical interiors. I was told that as the medical director he had not even been inside one of these helicopters to determine the appropriateness of it, yet he signed off. I questioned why Dr. Sawadsky, with that background and with that record, continues to be the medical director. Mr. McKerlie said, "Well, he's doing a good job." I don't know that that was a good job.

Could you just very briefly comment on the role that Dr. Sawadsky had in approving those interiors and whether, in your opinion, Dr. Sawadsky, keeping in mind that your role is to restore confidence at Ornge, should remain in that position?

Dr. Barry McLellan: There may be an opportunity from others who are asking questions to address what we're doing about the medical interiors. The reason I raise that, Mr. Klees, is that as a board member who was appointed at the end of January, we're focusing on the go-forward. So I'm not really in a position to comment

on what took place prior to that, the decision-making, but what I would say is that for all management—that would include Dr. Sawadsky in his role as chief of staff—what is most important is that they're able to function with the appropriate governance model in place, which we believe now is in place. We have discussed this with Mr. McKerlie, and we believe that we do have appropriate management staff in place now with an appropriate governance model to be dealing with the work that needs to be done now and going forward. I've not heard otherwise from Mr. McKerlie in his role as interim CEO.

The Chair (Mr. Norm Miller): Thank you. If we can move to the NDP; who would—Jagmeet?

0910

Mr. Jagmeet Singh: Sure. Thank you, and good morning. I just want to start off with some areas. You've addressed the three areas of concern: staffing, interior issues and the quality of information that, I guess, is received regarding the calls. I just want to go into some more detail: exactly, if you could summarize a more expansive list of what was actually wrong with Ornge. I understand these are the three areas that you're narrowing in on, because it's hard to narrow in on everything, but what were—if you can give me a little bit of a list—some of the issues that were at Ornge when you took over as one of the members of the board?

Dr. Barry McLellan: If I could just clarify, this would be specifically around quality-of-care delivery, Mr. Singh?

Mr. Jagmeet Singh: Yes. Sorry, I should have clarified: the delivery of the care and the quality of that care.

Dr. Barry McLellan: I'll give some context, and then I'll try and answer your question with respect to other matters that may be in front of the board. It is absolutely critical in a province like Ontario that we do have an aeromedical transport system. We have great distances between organizations. We have the need, in order to get patients directly from scenes to trauma units, and it's absolutely essential.

We do have some very good paramedics and pilots who are doing excellent work each and every day. From the board perspective, we wanted to ensure that there was oversight for all aspects of quality of care. One of the early questions was: Did we have appropriate information coming forward in a timely fashion in order to appropriately assure ourselves that high-quality care was being delivered? I've mentioned the quality of information. That deals with the timeliness of information being brought forward to the board as well.

Around individual incidents, reporting of incidents: As best as we can tell, information is being brought forward to the board through critical incident and sentinel incident reporting. We do have issues with respect to, as I've indicated, the staffing, interiors, and the overall quality and timeliness of information. Otherwise, we're really getting information sent to us from management about other individual issues. I'm more than happy to address any of them. There's not a specific list beyond those top three that we're monitoring. I would indicate that we are

comforted by the new performance agreement that in the schedules lists many different areas that will be monitored going forward. There's nothing specific in those areas that I wanted to flag for you this morning, Mr. Singh.

Mr. Jagmeet Singh: That's fine, then. I'm just going to ask you some questions on hiring, and then I'll pass it over to my colleague. With respect to hiring, who hired you for your position at Ornge, or who was involved in your appointment as a member of the board?

Dr. Barry McLellan: I was contacted by the deputy minister, Saâd Rafi.

Mr. Jagmeet Singh: Okay, and was it your understanding that Minister Matthews had some input in that?

Dr. Barry McLellan: My understanding is that the minister did have input into that, yes.

Mr. Jagmeet Singh: Okay, and did she contact you directly herself, as well?

Dr. Barry McLellan: Prior to the board having its first meeting, I was contacted by Minister Matthews, but I can't say that that related to the decision-making process.

Mr. Jagmeet Singh: Okay, and just with respect to oversight, when you took over or when you were involved, the new performance agreement was not even contemplated yet. You still had the ability to oversee what was going on at Ornge, as a board member, and to review the quality of care and to assess that. Is that correct?

Dr. Barry McLellan: Yes, just as—if I was to use a comparable situation—the board at my hospital, through the quality of care committee, receives information from management on quality, yes.

Mr. Jagmeet Singh: Okay. I'll pass it over.

M^{me} France Gélinas: Thank you for coming. It's a pleasure to see you.

I wanted to know: Right now, when the board meets, I take it that you keep minutes of those meetings?

Dr. Barry McLellan: Yes.

M^{me} France Gélinas: When the board needs to meet in camera, do you keep minutes of the in-camera meetings?

Dr. Barry McLellan: There is some recording of in-camera discussions, yes.

M^{me} France Gélinas: Okay. When the previous board used to meet, did they also keep minutes?

Dr. Barry McLellan: I have not gone back and looked at any minutes of the previous board meetings.

M^{me} France Gélinas: Okay. The secretary who keeps minutes—is it the same one who used to keep minutes before?

Dr. Barry McLellan: No, it is a new secretary who is keeping minutes now.

M^{me} France Gélinas: Okay. Since the new board has been put in place, have you reported back to the Ministry of Health?

Dr. Barry McLellan: The board chair has had discussions with both the minister and the deputy following

our board meetings. I'm not clear as to exactly what has been communicated.

M^{me} France Gélinas: Okay. It's not a function of the board to make sure that a reporting relationship is done back to the ministry?

Dr. Barry McLellan: There are regular communications between the board chair on behalf of the board. I'm just not party to those communications, so I don't know exactly what has been communicated.

M^{me} France Gélinas: Okay. You know that your hospital is now under FOI, freedom of access to information, since January of this year, as is—

Dr. Barry McLellan: Yes, I'm aware of that.

M^{me} France Gélinas:—every hospital in Ontario. Ornge is not. Would you allow freedom of access to information for information that is presently at Ornge, or is this a discussion that you would be willing to bring to the board?

Dr. Barry McLellan: I'm not in a position to respond on behalf of the board, related to your question. I think you asked what my position would be on that.

M^{me} France Gélinas: Correct.

Dr. Barry McLellan: That's a matter that has not yet been discussed at the board; it's a matter that could be discussed at the board. The decision about how one would respond to requests for information is different than what would otherwise be a legislative decision as to whether Ornge would be included or not.

M^{me} France Gélinas: You've been in trauma care for a long time, and you've had to deal with transport of trauma patients to your hospital certainly for some time now. You've mentioned, when answering my colleagues, that some hospitals are reluctant to call Ornge because of previous dealings with the air ambulance. Are they reluctant because the dealings were not positive?

Dr. Barry McLellan: I have only heard anecdotally—so that does need to be qualified—that some hospitals, particularly in northwestern Ontario, have not been calling Ornge for certain circumstances because, in previous times, Ornge was unable to respond. That's something that we want to understand better, and the way to better understand that is to go out and to speak with those hospitals, to actually survey them, and that is something that will be done in the future. But I have to indicate that the concern we have is based on anecdotal information only.

The Chair (Mr. Norm Miller): You have two minutes, France.

M^{me} France Gélinas: Okay.

I note that your hospital, Sunnybrook, was interested in leveraging some of its knowledge, skills etc. abroad. Is this something that you have pursued?

Dr. Barry McLellan: Yes, we are continuing to pursue international opportunities.

M^{me} France Gélinas: Okay. Had you ever pursued any of those international opportunities with Ornge?

Dr. Barry McLellan: In fact—and there's maybe a bit of context for this—as the country's largest trauma centre, and first trauma centre, much of what we are

looking at around international opportunities focuses on trauma. As such, the individuals that we're meeting with are very interested in the entire system of trauma, which includes aeromedical transport. So we did have discussions with Ornge, in previous years, about how we may be able to work together on some of those international opportunities. Nothing has come of that, but we did have discussions with Ornge.

M^{me} France Gélinas: And were those discussions regarding Brazil and Kazakhstan, or—

Dr. Barry McLellan: Those are the two specific examples that I'm aware of, yes.

0920

M^{me} France Gélinas: But nothing came to fruition. At the time, when you were looking at exporting Ontario skills and working with Ornge to bring a package of trauma expertise, do you know which branch of Ornge you were dealing with?

Dr. Barry McLellan: No. We were just dealing at a general level with Ornge at the time. If there were specific discussions between our lead for international work with any specific division, I wasn't aware of that.

The Chair (Mr. Norm Miller): Thank you. It's now time for the government to ask the questions. Who would like to ask? Reza, go ahead.

Mr. Reza Moridi: Thank you, Mr. Chair. Thank you, Dr. McLellan, for taking the time and appearing before this committee. Dr. McLellan, patient safety and public safety are very important for us, as members of the Ontario Legislature as well as government, on this side. I'm sure it's very important to you as well, as a doctor, as CEO of Sunnybrook Hospital and also as a member of the board of Ornge. Since your appointment to the board of Ornge about three months ago, could you explain to us what immediate steps you have taken and the board has taken to address patient safety as it relates to Ornge's operations?

Dr. Barry McLellan: Right. One of the first important steps was the creation of a quality committee, and we used the framework of the Excellent Care for All Act, as it relates to hospitals, in order to establish that committee. That led to reporting between management and the quality-of-care committee. In my role as chairing that committee, I had meetings with management in order to deal with the same type of reporting as exists in our hospital between our quality-of-care committee and our board—so, between management and quality-of-care committee, quality-of-care committee and the board. From my perspective, that was the logical oversight model and the logical reporting through to the board itself.

As I indicated in an answer to one of Mr. Klees's questions, we prioritized what we felt management should be focusing on initially. Importantly, when one is dealing with matters of quality of care, you need to have a trusting relationship between management and the board, so that one is sure that incidents of concern are being reported through and that if there are concerns on the part of management, they're clearly brought forward

to the board. Much of our work has been developing those relationships, getting to know those who are involved in monitoring and reporting on care, so that we can be confident that any issues of concern are being made available to the board.

Mr. Reza Moridi: Thank you, Dr. McLellan. Dr. McLellan, there has been some discussion in the past that because of a certain design flaw on these helicopters, the paramedics weren't able to conduct CPR on patients when they took them to the helicopters. Has this been addressed in the past, this problem, this issue?

Dr. Barry McLellan: This was a significant concern, and it had to do with the height of the stretcher in the interior of the helicopter and the ability of paramedics to access and treat a patient, which would include not only CPR but perhaps advanced airway management, intubation, other procedures.

Now, there are really what I'll describe as three phases around dealing with the interior issue. The first was to ensure that patient transport was going to be safe until we dealt with a longer-term solution. That resulted in a change in transport position for certain patients, and that was dealt with quite quickly, once the concern was brought to the attention of the board and to management.

The second phase is that by changing the pedestal design, we are able to have to have transport which is beyond what I would call the workaround that I've described for safe transport until we actually look at a formal redesign of the interior, which I'll call the longer term or phase 3. We're just in the process now of implementing phase 2.

I had a recent meeting of the quality of care committee held at the Toronto Island base so that we could see what was being proposed. I had a chance to see it, review it with paramedics and the medical leadership, and it is a very logical step in the minds of those who are treating patients, as well as the board.

The third will be a longer-term redesign of the interior. That's going to involve looking at what other systems and jurisdictions are doing, and that will likely go on for many more months.

Mr. Reza Moridi: Thank you very much, Dr. McLellan. There have been reports that at Ornge there were some issues in relation to poor dispatching. Has this issue been addressed in terms of patient safety since you have been appointed to the board?

Dr. Barry McLellan: There are a number of aspects to the dispatch of an aircraft. It includes getting good-quality information early on, processing that information and then having the aircraft dispatched. All of those phases are being looked at. Some of it requires new technology, new software information around collecting information on the calls and processing it. Some of that is still being worked on, but all of those individual components are currently being addressed.

Mr. Reza Moridi: Thank you. There have also been reports, Dr. McLellan, that at Ornge there was a shortage of paramedics, as well as the shortage of pilots. As a result of one shortage of paramedics, then patients

couldn't receive the necessary care, and because of the shortage of pilots for shift work, some of the helicopters couldn't be in service. Have these issues been addressed since the three past months you have been appointed to the board?

Dr. Barry McLellan: They are being addressed. There still is an overall shortage of pilots. There still is a shortage of critical care and advanced-care paramedics. Management is working to address both the pilot and the paramedic staffing issue. It is not addressed yet, but they are being addressed.

Mr. Reza Moridi: Thank you again, Dr. McLellan. Would you please tell us about your medium- and long-term strategies at Ornge to address the issues which already exist, and also the future planning and strategies for the improvement of the service of Ornge?

Dr. Barry McLellan: Right. Ultimately, you would like a system where you have fully staffed aircraft who can respond to calls in a timely fashion, recognizing that there are still times down the road when, as a result of weather or an aircraft already being involved with a call, there will be challenges in being able to deal with high-quality transport for each and every circumstance. It doesn't mean that good quality can't be provided, but there are certain circumstances where it's going to take longer to get an aircraft to a patient. One has to accept that in this system, and it's no different than that in other systems.

We're trying to put together a comprehensive, quality monitoring process in place which would parallel that of what exists in a hospital environment, and that is a medium- to longer-term strategy because we don't have all of the building blocks currently in place, but we have strategies in place to deal with them all.

Some of the issues that I've addressed, and I'll use the staffing issue around paramedics: That's going to take more than a year in order to address. That takes time to train paramedics, to get the right level of staffing. So some of those are longer-term strategies, but we do have a plan and working with management, and if I was to summarize, it would be to have the same type of quality oversight for Ornge as what exists in a hospital, such as Sunnybrook.

0930

The Chair (Mr. Norm Miller): And you have 30 seconds left.

Mr. Reza Moridi: Thank you. Dr. McLellan, I understand that you were a member of the coroner's review of air ambulance services some years ago. Could you briefly tell us the outcome of that review?

Dr. Barry McLellan: I was, in fact, the chief coroner. I did not actually lead a review myself, as chief coroner, into air ambulance services. The coroner's office may have done so, over time. I did not actually lead that investigation.

The Chair (Mr. Norm Miller): Thank you very much. Thank you for coming in today. We appreciate it.

Dr. Barry McLellan: Thank you.

MINISTRY OF FINANCE

The Chair (Mr. Norm Miller): Our next witness is Tim Shortill, chief of staff, Ministry of Finance. Again, Tim, thank you for coming today. I know you've twice been bumped, so I appreciate you being flexible.

Mr. Tim Shortill: No problem.

The Chair (Mr. Norm Miller): You have received the letter for those presenting to the committee?

Mr. Tim Shortill: Yes, I have.

The Chair (Mr. Norm Miller): Okay, thank you. Our clerk has an oath for you.

The Clerk of the Committee (Mr. William Short): Mr. Shortill, if you could just raise your hand, please. Do you solemnly affirm that the evidence you shall give to this committee touching the subject of the present inquiry shall be the truth, the whole truth and nothing but the truth?

Mr. Tim Shortill: I do.

The Clerk of the Committee (Mr. William Short): Thank you.

The Chair (Mr. Norm Miller): You have five minutes for a presentation.

Mr. Tim Shortill: Thank you, Chair, committee members. Mr. Auditor General, nice to see you. Good morning. My name is Tim Shortill, and I'm the chief of staff to the Minister of Finance.

I thought I'd open with a brief description of my background. I started at Queen's Park with MPP Gerard Kennedy in 2002. Then in November 2003, I became the executive assistant to MPP Linda Jeffrey. After a year with Ms. Jeffrey, I moved to municipal affairs and housing, to be a senior policy adviser to Minister John Gerretsen, in December 2004.

In April 2006, I moved to the Ministry of Tourism, as a senior adviser to Minister Jim Bradley. In December 2007, the minister asked me to be his chief of staff, a role I served in until January 2010, when I moved to my present role with Minister Dwight Duncan.

Having been called here, my involvement likely stems from media reports of having been copied on a letter from Ornge to the Minister of Health in January 2011. I do not recall receiving that letter, and am only aware of the letter through those media reports that state I was copied. I did not read the letter and do not currently have a copy of it. I've had no other contact, either through meetings, email or phone calls, with Ornge.

I did, however, participate in a meeting in the fall of 2010 with Mr. Alfred Apps, formerly of Fasken Martineau, who was representing Ornge. It was a brief meeting, lasting no more than a half-hour. The purpose of this meeting, as I recall, was a presentation from Mr. Apps suggesting Ornge was a success story that the government should promote. This meeting occurred during the preparation of the fall economic statement in 2010, and since Ornge was not part of the fall statement, I took no follow-up action after that meeting or at any point since. I do not recall any discussion at that meeting

of any of the issues that the Auditor General raised in his report.

With that, I'm pleased to answer any questions that the committee may have.

The Chair (Mr. Norm Miller): Thank you very much. It's time for the NDP to go first. Who would like to ask questions?

Mr. Jagmeet Singh: Sure, I'll start.

The Chair (Mr. Norm Miller): Mr. Singh.

Mr. Jagmeet Singh: Thank you. Good morning, sir.

Mr. Tim Shortill: Good morning.

Mr. Jagmeet Singh: Just building on that last point that you raised, you indicated that Alfred Apps met with you and had a presentation on Ornge and that it was a success story. Is that correct?

Mr. Tim Shortill: Those were his words, yes.

Mr. Jagmeet Singh: Those were his words. So his presentation on Ornge, I take it, in terms of the success story and why it was a success—it was the layout, or the way in which Ornge was organized, with a number of subsidiary for-profit companies blended with the ostensibly public company. Is that correct?

Mr. Tim Shortill: I don't have a perfect recollection of the details of the meeting. I do not recall any discussion of any subsidiaries or the organizational makeup. My brief recollection of that meeting was, as I stated, Mr. Apps felt that Ornge was a success story and encouraged the government to promote that. But with respect to the specifics that you asked, no, I don't have any recollection of a discussion of the organizational makeup of Ornge.

Mr. Jagmeet Singh: Sure, thank you. And if you could say very briefly, what was he indicating to you, if you can recall, that was the success portion of Ornge? What was he suggesting?

Mr. Tim Shortill: I don't have perfect recollection of that. I think he felt that the provision of service that Ornge was providing was a success. But in terms of what he felt met the definition of "success," I think, is a question better put to him, as I don't have perfect recall on that.

Mr. Jagmeet Singh: Certainly—not what he was thinking, but what you recall he was telling you, is all I—

Mr. Tim Shortill: Yeah, it had to do with the provision of service, in that Ornge, in his words, was a success in that respect. Like I said, I don't have any recollection of the organizational makeup.

Mr. Jagmeet Singh: That's fine. Thank you.

I'm just going to move on to, just in general, oversight that your ministry is involved with.

Mr. Tim Shortill: Sure.

Mr. Jagmeet Singh: Your ministry is obviously very involved with the sunshine list. That's a component of—

Mr. Tim Shortill: I don't know if I'd say "very involved." The tradition that has grown over the years is that the Ministry of Finance is responsible for compiling the information that is gathered through the requirements of the Public Sector Salary Disclosure Act. The ministry then makes that compiled information available both on the ministry website as well as in hard copy. It's possible

we even produce a CD copy—I'm not aware—but definitely the website and a printed version.

Aside from being responsible for those within the ministry that fall within the requirements of the sunshine list, the Ministry of Finance's responsibility doesn't extend any farther than simply compiling the information.

Mr. Jagmeet Singh: Okay. In compiling that information, one of the purposes of compiling that information and presenting it to the public is to offer some transparency to Ontarians about where public money is being spent. That's essentially the purpose. Would you agree?

Mr. Tim Shortill: I won't propose to give an opinion on the purpose—that was for the members of the Legislature when the bill was passed—but I don't see any reason to disagree with that statement.

Mr. Jagmeet Singh: Okay. In doing so, would you agree with me, then, that the fact that a publicly funded institution like Ornge, which, for all intents and purposes, was primarily 99% publicly financed—that the fact that someone like the executive and other members of that organization did not disclose their salary, were not a part of the public salary disclosure—was that something that raised any concerns in your ministry or to you?

Mr. Tim Shortill: I'm not aware if it raised any concerns within the ministry. With respect to myself, I'm not sure I'm best qualified to opine on whether or not the requirements or someone meeting those requirements is a concern. I think that is a question that's best put to the responsible ministry from within which Ornge reports.

Mr. Jagmeet Singh: Okay. So your opinion would be that the Ministry of Health, being the ministry that's directly involved with Ornge, would have been the ministry that should have been concerned about the salary, as opposed to the Ministry of Finance?

Mr. Tim Shortill: No, I wouldn't say that's my opinion. I would say, my opinion is that your question is best put to them.

Mr. Jagmeet Singh: Okay. Was there an impediment to receiving information from Ornge because of the nature of it being a federally incorporated charity or because of its charity status?

Mr. Tim Shortill: That's a question that simply is beyond my expertise and probably best put to ministry officials. I'm not aware of any impediment myself.

Mr. Jagmeet Singh: My last question, before I pass it over to my colleague, is just regarding freedom-of-information applications or access-to-information requests. Did you receive or did your ministry receive any notification that there were a number of freedom-of-information applications or access-to-information requests made in 2010 regarding the salary of executives at Ornge, specifically Mr. Mazza?

Mr. Tim Shortill: I'm not aware, but to be perfectly honest the way the FOI system works is that there's a division within the ministry that processes those, so I think that type of question is probably better put to those that administer the FOI process. I'm simply too far removed from that.

Mr. Jagmeet Singh: And who are those people?

Mr. Tim Shortill: I don't actually know them by name, but there is a division. Each ministry has an FOI coordinator, and it would be that person who would have a better understanding of what FOI requests were made and how they were administered.

Mr. Jagmeet Singh: Last question, following up on that: Who do you think would be the best FOI coordinator for this particular issue? Would it be the Ministry of Finance or the Ministry of Health?

Mr. Tim Shortill: I don't know. It all depends on your specific question and where the initial request went to. Sometimes requests are passed from ministry to ministry, depending on who actually holds the records. In this case, I'm not actually sure where the records reside.

Mr. Jagmeet Singh: Okay, thank you.

The Chair (Mr. Norm Miller): You have a minute and a half left.

M^{me} France Gélinas: A minute and a half? Oh, well. Okay.

So you had a 30-minute meeting with Mr. Apps in the fall of 2010. Who else attended that meeting?

Mr. Tim Shortill: It was Mr. Apps, myself and Alex Mazer from my office, who's my director of policy. My recollection is that it was just the three of us. It was about a half-hour, but I won't say exactly 30 minutes.

M^{me} France Gélinas: Do you recall where that meeting took place?

0940

Mr. Tim Shortill: Sure. It took place in my office, which is the seventh floor of the Frost south building.

M^{me} France Gélinas: How often do you meet with law firms that represent an agency of the government without having that agency present?

Mr. Tim Shortill: Oh, I don't know how many times I have—

M^{me} France Gélinas: Okay, so go back, from today back. When was the last time you had in your office—like yesterday, the week before, the month before. When was the last time you met with just a lawyer representing a transfer payment agency of the government?

Mr. Tim Shortill: I have no recollection of that. I mean, it was a significant number of people in the course of the year. I'm not saying I haven't, but I simply don't have any recollection of when the last time—

M^{me} France Gélinas: But certainly not last week, yesterday or this month. It's not something—

Mr. Tim Shortill: I can say definitively it was not yesterday.

M^{me} France Gélinas: Okay. You don't, on a regular basis, meet with a lawyer and nobody else. Who had set up the meeting?

Mr. Tim Shortill: My recollection is that Mr. Apps or someone from his office requested the meeting. It was certainly not my initiative.

M^{me} France Gélinas: Was the meeting requested with the minister, and you subbed in, or was the meeting requested of you?

Mr. Tim Shortill: No. As I remember, the meeting was a request of me. So whether or not it came to me directly or to my assistant, I can't remember, but the request was to meet with me directly.

The Chair (Mr. Norm Miller): And you are out of time, I'm afraid.

M^{me} France Gélinas: Could you look back, through your assistant, to find that out, please?

Mr. Tim Shortill: I'll endeavour to do that and provide it to the clerk.

M^{me} France Gélinas: Thank you.

The Chair (Mr. Norm Miller): Thank you. And if we can move to the government for questioning. Mr. Zimmer.

Mr. David Zimmer: I have five questions. I just want to confirm—ask you: In your role as chief of staff, finance, did you have any direct responsibility with respect to Ministry of Health and Long-Term Care health policy?

Mr. Tim Shortill: No, I do not have any direct responsibility for health care policy. Within my office, there is a health care adviser, but on a day-to-day basis, I do not get directly involved in health care policy.

Mr. David Zimmer: And again, as chief of staff, finance, can you comment on what your level of engagement, direct or indirect, was with the Ministry of Health and Long-Term Care?

Mr. Tim Shortill: Just on an overall basis?

Mr. David Zimmer: Yes, as opposed to direct responsibility. What was your level of engagement with issues coming up in the Ministry of Health?

Mr. Tim Shortill: Sure. I don't so much have direct engagement with the Ministry of Health on issue management. I would say that my level of engagement with the Ministry of Health on a yearly basis is probably most acute during the budget formation process, simply given the size of the Ministry of Health's budget. I would still, even in that case, characterize my role as indirect involvement with the Ministry of Health during the formation of their budget process, but I would say, on a yearly basis, that is the extent of my involvement.

Mr. David Zimmer: Thirdly, again, as chief of staff, finance, did you have any direct or indirect engagement with Ornge?

Mr. Tim Shortill: No, I had no direct engagement, other than the meeting with Mr. Apps, which could be characterized as indirect engagement. To the best of my recollection, that's the only time I've had any engagement with Ornge.

Mr. David Zimmer: With respect to the meeting with Mr. Apps in the fall of 2010, it lasted about half an hour?

Mr. Tim Shortill: That's my recollection.

Mr. David Zimmer: So from your point of view, at the end of the 30-minute meeting, what was the end result of that meeting?

Mr. Tim Shortill: I would say there was actually no result of that meeting. The request that Mr. Apps had or the opinion that he had was not being contemplated for the fall economic statement.

The preparation of the fall economic statement is a consuming process, and to the best of my ability, I try to prioritize my time. Because we had no contemplation of any mention or involvement of Ornge in the fall economic statement, I simply took no follow-up action, other than, probably, a thank you to Mr. Apps. But I never actioned anything or took any follow-up steps after that meeting.

Mr. David Zimmer: I want to come to this issue that's come up recently about the \$275-million bond issue. Again, in your capacity as chief of staff to the Minister of Finance, perhaps you can answer this. It's been raised by opposition parties that with respect to the \$275-million bond, the province, if you will, is somehow on the hook should the bondholders find themselves in a position of not getting paid back. Can you comment on that issue?

Mr. Tim Shortill: Sure. I'll comment to the best of my ability. I'm not, by any means, an expert in securities policy. I know that the secretary of cabinet was before the committee last week and asked was these similar questions. He is in a far better position than I to answer those questions, and I simply have no additional information other than what Mr. Wallace provided.

The information that has been provided to me by ministry officials and reiterated both by Secretary Wallace and Minister Duncan is that the province had no incremental risk to its debt by this bond issue of Ornge. Beyond that, I simply do not have the expertise to offer up any more insight or opinion on this matter.

Mr. David Zimmer: Thank you. My last question: Coming back to the meeting with Mr. Apps in the fall of 2010, after that meeting, as you said, there was no take-up on your part as chief of staff or by the minister/ministry. Was there any further contact with Mr. Apps to follow up on his initial idea of including something in the fall economic statement with respect to Ornge?

Mr. Tim Shortill: To be clear, he wasn't requesting any mention in the fall economic statement; he was simply requesting, I guess, some mention at some point by the government. But to answer your specific question: No, I had no follow-up, no further contact. I'm not aware that my assistant did either. It was, so to say, the last of it.

Mr. David Zimmer: All right. Thank you, Mr. Shortill.

The Chair (Mr. Norm Miller): We'll move to the opposition. Mr. Klees.

Mr. Frank Klees: Thank you very much. Can you tell me, Mr. Shortill: When did the Ontario air ambulance file first come to your attention?

Mr. Tim Shortill: Sure. It probably first came to my attention, frankly, through media reports. So it would be tough for me to pinpoint a time frame, but I think it's fair to say, when the media started to generate more and more stories, whenever that time period was, probably within the last six months to a year, that's when it came to my attention.

Mr. Frank Klees: When was that 30-minute meeting that you had with Mr. Apps?

Mr. Tim Shortill: My recollection is, it was during the preparation of the fall economic statement of 2010. We deliver this statement in November. It would have been unlikely for me to have taken a meeting in November, so close to the statement. We generally begin work in early September. So, if I had to pinpoint a time frame, I would say September or October of 2010.

Mr. Frank Klees: Media reports about Ornge didn't happen until the end of 2011.

Mr. Tim Shortill: Yes.

Mr. Frank Klees: You just said that you first became aware of Ornge when you read about it in the media.

Mr. Tim Shortill: Sure. I was differentiating between Ornge as an organization and the issues that the Auditor General's report brought to light. I did not become aware of the issues until the media started reporting it. Ornge, as an entity, as a provider of air ambulance service—I couldn't give you a time frame, but probably for a few years I've been aware of its existence.

Mr. Frank Klees: In an email dated December 7, 2010, written by Mr. Apps to Jamison Steeve, he asks specifically that you and—

Mr. David Zimmer: Is that the—

Mr. Frank Klees: It is. You have it, yes. He asked specifically that he, Mr. Steeve, invite you to attend a briefing. Did Mr. Steeve ever follow through on that? Did you get invited to that meeting?

Mr. Tim Shortill: No. I'm not aware of the email. I'm not aware of having been suggested to appear at any meeting, nor did I appear at any meeting.

Mr. Frank Klees: The purpose of that meeting was pretty substantive. It was a major undertaking on the part of Ornge and had some significant implications, as Mr. Apps said in that email, to the broader government. Specifically, he mentioned—

Mr. David Zimmer: Just a second. Mr. Shortill, did you have a chance to see the email?

0950

Mr. Tim Shortill: No, I have not.

Mr. David Zimmer: In fairness to the witness, can somebody give him a copy?

Mr. Frank Klees: Fair enough. This is the email that Mr. Apps provided in his submission to the Integrity Commissioner when he was asserting that he wasn't lobbying.

The Chair (Mr. Norm Miller): Just a second, Mr. Klees. Do we have a copy of this email?

Mr. Frank Klees: Why don't I provide a copy of that here so that we don't have to waste any more time.

The Chair (Mr. Norm Miller): Very well.

Mr. Frank Klees: Here it is.

The Chair (Mr. Norm Miller): I think our clerk has it as well.

Mr. Frank Klees: Do you have it as well?

The Clerk of the Committee (Mr. William Short): Is this the one you're talking about?

Mr. Frank Klees: The December 7 one. No, this one.

Mr. Apps specifically referred to the fact that there would be significant impact, and it would be important

for the Ministry of Finance to participate in that. I'm surprised that something like this, where the request was made directly to the chief of staff to the Premier asking that you attend something as far-reaching as this, number one, you were never contacted—or you say that you weren't; I'm not suggesting that you were—and that you wouldn't be present at a briefing like that. Does that surprise you at all?

Mr. Tim Shortill: I have no comment. I didn't—

Mr. David Zimmer: Chair?

The Chair (Mr. Norm Miller): Mr. Zimmer, you don't have the floor. Please let the questioning continue.

Mr. David Zimmer: But this is a witness protection issue.

The Chair (Mr. Norm Miller): No. Continue, please.

Mr. David Zimmer: Well, I think he should have a couple of minutes. It's a three-page memo, single-spaced. He's seeing it for the first time. All the memos have a context. He should have a chance to read that so he has a context—

The Chair (Mr. Norm Miller): As I stated, you don't have the floor. I will ask our presenter: Please take the time you need to read it over and let me know if you have any concerns.

Mr. Tim Shortill: Sure.

Mr. Frank Klees: I'm assuming, Chair, that—

The Chair (Mr. Norm Miller): We'll give the witness time, please.

Mr. Frank Klees: Chair, how much time do I have left?

The Chair (Mr. Norm Miller): You have two and a half minutes left.

Mr. Frank Klees: Is this encroaching on my time?

The Chair (Mr. Norm Miller): Yes, it is.

Mr. Frank Klees: Chair, that's inappropriate.

The Chair (Mr. Norm Miller): Okay. We'll stop the clock and allow him so you'll get your time.

Mr. Frank Klees: I'm assuming you're stopping it retroactively.

The Chair (Mr. Norm Miller): Retroactively, yes. So you have four minutes.

Mr. Tim Shortill: I'm ready when you are, sir.

Mr. Frank Klees: Okay. So my point simply was the fact that Mr. Steeve was specifically asked to invite you. You didn't get the invitation and so you know nothing about that meeting.

Mr. Tim Shortill: I have no comment.

Mr. Frank Klees: The 30-minute meeting that you had with Mr. Apps—you made reference, in responding to my colleague, that the request that Mr. Apps had of you was not being contemplated in the fall economic statement. So Mr. Apps came to see you with a specific request?

Mr. Tim Shortill: Yes. In answer to the member's question over here, I don't believe his request was any mention in the fall economic statement. That's not my recollection. It was just that government, at some point, should promote, in his words, the success story of Ornge. It just happened to occur—the meeting—during the

preparation of the fall statement. Because, frankly, that was my priority at the time, and because we weren't contemplating any mention, I took no follow-up action.

Mr. Frank Klees: But look, he wasn't about to organize a meeting with the chief of staff to the Minister of Finance without having a specific purpose for that and a specific ask. And so the ask that he made of you in that meeting was what?

Mr. Tim Shortill: As I've mentioned, he felt Ornge was a success story and something the government should promote—no recollection of anything more specific or broader than that.

Mr. Frank Klees: So he came to you, representing Ornge, with a very specific request that the government of Ontario should promote the successes of Ornge. Is that correct?

Mr. Tim Shortill: That's my recollection, yes.

Mr. Frank Klees: Would you consider that lobbying?

Mr. Tim Shortill: I don't know. I think the question of whether or not that's lobbying is a question better put to someone who has more expertise in the definition of lobbying. I'm more used to lobbying being requests for funding, to be truthful, at the Ministry of Finance. So I won't say it is or it isn't. I'm probably not qualified to make that definition.

Mr. Frank Klees: You mentioned that Alex Mazer was attending that meeting. He is your assistant?

Mr. Tim Shortill: He's the minister's director of policy.

Mr. Frank Klees: I'm assuming that both of you, or either one of you, kept notes of that meeting. Could I ask you to table those notes with the committee, please?

Mr. Tim Shortill: I've done a search; I have no notes of that meeting. I don't recall Mr. Apps providing any written paper either. If he did, I don't currently have those records. That's not unusual for me; I'm not an avid note taker. But in preparation for today's appearance, I did do a search of my records, and I simply don't have any. I'm more than willing to undertake a secondary search, though.

Mr. Frank Klees: Yes, if you would check with Mr. Mazer. It would be very, very odd for a chief of staff and someone of Mr. Mazer's capacity that no notes are taken at a meeting, so—

Mr. Tim Shortill: I don't think it's odd for me. As I mentioned, I'm not an avid note taker. I try as best I can to—

Mr. Frank Klees: I'm assuming Mr. Mazer probably is.

Mr. Tim Shortill: Pardon me?

Mr. Frank Klees: I'm assuming Mr. Mazer is, and—

Mr. Tim Shortill: I can only speak for myself.

Mr. Frank Klees: Okay. I would ask the clerk to follow up with you—

Mr. Tim Shortill: Absolutely.

The Chair (Mr. Norm Miller): You're on your last minute, Mr. Klees.

Mr. Frank Klees: Thank you. There are a number of other issues that I need to follow up with you, and we look forward to having you back.

Mr. Tim Shortill: Absolutely.

Mr. Frank Klees: One last question: Since that meeting, have there ever been any other occasions when Mr. Apps contacted you, spoke with you directly, regarding Ornge? And did you report to the minister on your meeting with Mr. Apps?

Mr. Tim Shortill: I don't recall discussing with the minister my meeting with Mr. Apps. That's not unusual either. I don't report to the minister all the meetings that I take. So I don't have any recollection of that, and it would not be unusual.

In answer to the first part of your question, I've had no contact with Mr. Apps since that meeting, to the best of my knowledge, through email or phone. I've had no contact with him in person since that meeting. In fact, the last time I saw him was here at committee last week.

Mr. Frank Klees: Did you have—

The Chair (Mr. Norm Miller): Thank you very much. Mr. Klees, you can invite him back for another time, but you've used your time.

Thank you very much, Mr. Shortill, for coming for the committee; it's appreciated.

MINISTRY OF HEALTH AND LONG-TERM CARE

The Chair (Mr. Norm Miller): Our next presenter is from the Ministry of Health and Long-Term Care: Carole McKeogh, deputy director, legal services branch. Welcome. You have received the information for someone presenting to the committee?

Ms. Carole McKeogh: I have.

The Chair (Mr. Norm Miller): Very well. Our clerk has an oath for you.

The Clerk of the Committee (Mr. William Short): Ms. McKeogh, if you could just raise your—thank you. Do you solemnly affirm that the evidence you shall give to this committee touching the subject of the present inquiry shall be the truth, the whole truth and nothing but the truth?

Ms. Carole McKeogh: I do.

The Clerk of the Committee (Mr. William Short): Thank you.

The Chair (Mr. Norm Miller): You have up to five minutes for a presentation, and then there will be questions from the parties.

Ms. Carole McKeogh: Good morning. My name is Carole McKeogh. Since 2003, I've been a deputy director with the legal services branch of the Ministry of Health and Long-Term Care. I became involved in providing legal services for the ministry in connection with Ornge in January 2012. At that time, I was asked to prepare an amended performance agreement between the ministry and Ornge. This amended agreement was signed by both parties on March 19, 2012. I was also involved in

the development of the proposed amendments to the Ambulance Act.

In my view, the amended performance agreement and the proposed legislation, if passed, provide a strong and effective response to address the concerns identified in the Auditor General's report on Ornge. I would like to speak to you briefly about these two initiatives.

1000

The amended performance agreement is comprised of the following three elements: first, the technical material in the original agreement, signed in 2005, which had not changed and which was carried over into the amended performance agreement; second, the transfer payment agreement template, which was prepared by the Ministry of the Attorney General's commercial lawyers' group. The province of Ontario has many transfer payment arrangements across all its ministries. The template serves as a best practices document that is adaptable to different ministries and projects. The third component of the amended performance agreement consists of additional elements which are specific to Ornge and which I will outline briefly.

In response to the Auditor General's recommendations, the amended performance agreement contains additional key performance indicators and increased reporting requirements.

The amended agreement contains a statement of principles which Ornge must follow in providing its services. These principles include the requirement that Ornge's operations will support exclusively the provision of air ambulance services on a not-for-profit basis. It contains a number of elements relating to quality improvement and patient relations, which mirror the requirements in the Excellent Care for All Act. This legislation currently applies to public hospitals. Its provisions are made applicable to Ornge through the amended performance agreement.

Under the amended agreement, a number of actions by Ornge require the ministry's prior approval. These include the purchase of real estate; incurring debt; the sale of assets, subject to a specified threshold; as well as any changes to Ornge's corporate structure.

Ornge is required to post a broad range of information on its website, including its complaints process, its quality improvement plan and its conflict-of-interest policies.

I have also been involved in the development of Bill 50, An Act to amend the Ambulance Act with respect to air ambulance services, which received first reading on March 21, 2012. The proposed legislation, if passed, would provide the province with many of the same powers for intervention in the public interest which currently exist for public hospitals under the Public Hospitals Act.

In my view, there is a useful comparison to be made between public hospitals and Ornge. Both hospitals and Ornge are non-profit corporations. They are both charities with volunteer boards. They both provide essential health services to patients and are funded almost entirely by the province.

However, in the case of public hospitals, the legislative framework includes the power to intervene in the governance of a hospital through the appointment of a hospital supervisor, who can assume all the powers of the board and the corporation. This is viewed as an extraordinary power of intervention which exists to protect the public interest. It is an important safeguard which has been included in the proposed legislation for Ornge.

However, it is important to note that it will not be possible for the province to exercise this power of intervention with respect to Ornge until it is continued as an Ontario corporation. Currently, Ornge is incorporated under federal legislation.

To conclude, the amended performance agreement and the proposed legislative changes were introduced in response to the issues at Ornge identified by the Auditor General. They were designed to increase Ornge's accountability and transparency, and to protect the public interest.

Thank you again for this opportunity to address you, and now I would be happy to take your questions.

The Chair (Mr. Norm Miller): Thank you. We go to the government first. Mr. McNeely.

Mr. Phil McNeely: Thank you, Ms. McKeogh, for being here today. A lot of the information that I was seeking has come out in what you've presented, but I would just go over some of it. You obviously read the Ornge air ambulance and related services special report of March 2012. Would you just expand on what the major changes are in the performance agreement that we were presented here by the clerk on April 3, 2012? It seems to be quite a heavy document. What would be the three significant changes that have been made from the old agreement?

Ms. Carole McKeogh: Well, I think the "principle" statement is very important. It sets out a number of principles and provides that Ornge shall perform its obligations under the agreement in accordance with them. Firstly, aviation safety and patient care are paramount. Ornge's operations will support exclusively the provision of air ambulance services and related services on a not-for-profit basis. Its operations will be transparent and accountable to Ontarians; full accountability for the use of public funds; public reporting on performance, measured according to the key performance indicators; and full commitment to quality improvement activities.

The amended agreement contains additional key performance indicators and increased reporting requirements. To enhance accountability, it requires more detailed reporting of financial and operational information in order to assess the quality and value of the service provided by Ornge, and it contains stronger audit and inspection powers to verify that information. Ornge's demonstrated ability or inability to meet the key performance indicators in the amended agreement is a factor in determining its funding.

As I mentioned, a number of provisions from the Excellent Care for All Act were included in the amended performance agreement, and these include a quality

committee; patient satisfaction surveys; a patient relations process, including a patient complaints process and a patient advocate function; a declaration of values; annual quality improvement plans; and performance-based executive compensation. These are all taken from the Excellent Care for All Act, which currently applies to public hospitals.

Mr. Phil McNeely: I think that's good detail on the additional information that we're going to be getting. Certainly we're here because of the audit and inspection powers of the ministry, or that's my opinion. How are those being changed under the new agreement?

Ms. Carole McKeogh: The audit—under the 2005 performance agreement, the ministry was permitted to make on-site inspections only twice a year, and under the amended performance agreement, this has been changed to provide for inspections at any time throughout the year.

Mr. Phil McNeely: The position of taking on debt that occurred in the past—you mentioned that. What are the limits on that debt etc. that they can take on without ministry approval?

Ms. Carole McKeogh: Any debt incurred—

Mr. Phil McNeely: Any debt?

Ms. Carole McKeogh: Any debt—I just have to check the agreement briefly here, if you'll give me a minute. I think there's an exception for routine business transactions; for example, purchase of gasoline.

Mr. Phil McNeely: Was there a limit on that?

Ms. Carole McKeogh: No.

Mr. Phil McNeely: Okay. The important part, of course, is for the ministry to be able to scrutinize the budgetary performance, and that wasn't a strong part of the first agreement. Has that been strengthened a great deal?

Ms. Carole McKeogh: Yes, I think so. There are extensive budget requirements in connection with providing a proposed budget, having it reviewed by the ministry and approved by the ministry; financial reporting and operational reporting as well. The reporting requirements are quite extensive.

Mr. Phil McNeely: This proposed legislation to say that the laws governing ambulance in Ontario—you mentioned those in your first statements. What are the changes that will be coming into the air ambulance legislation that are important?

Ms. Carole McKeogh: As I mentioned, it imports a lot of the public interest safeguards which are found in the Public Hospitals Act currently and which apply to hospitals: the power for cabinet to appoint provincial representatives to the board of directors, and those provincial representatives will have all the powers of a board member; the power for cabinet to appoint special investigators and supervisor, as I mentioned in my opening comments. These actions are taken where cabinet considers it to be in the public interest, and the legislation contains the same public interest test, very broadly worded, that is found in the Public Hospitals Act.

Mr. Phil McNeely: Are you aware with the hospitals—how does this provincial investigator part work? How does that work with the hospitals? Has that been used in the past?

1010

Ms. Carole McKeogh: Those amendments to the Public Hospitals Act were introduced in 1981, and I think they've probably been used in the range of maybe 15 or 20 times since then. I'd be happy to provide that information, if the committee would like to have it.

When cabinet appoints an investigator, it's viewed, as I've mentioned, as an extraordinary power of intervention—only in the most serious circumstances where there are concerns about governance or financial management or quality of care. We had an example of it recently in the case of the Windsor Hôtel-Dieu Grace Hospital. It's a very effective mechanism.

Mr. Phil McNeely: So you're quite pleased that the new agreement, the new legislation, will put the Ministry of Health and Long-Term Care in the proper position in being able to make sure what's happening is happening for the good of the people, the public of Ontario?

Ms. Carole McKeogh: I think those are very important safeguards that are very appropriate in this case, yes.

Mr. Phil McNeely: I have no other questions. Thank you.

The Chair (Mr. Norm Miller): You have a minute left, Mr. McNeely. All finished? Okay, thank you.

We'll go to the opposition then and—

Mr. David Zimmer: Just one second. Thank you very much—

The Chair (Mr. Norm Miller): Mr. Zimmer, I haven't recognized you, but I'm happy to—

Mr. David Zimmer: I'm sorry.

The Chair (Mr. Norm Miller): Go ahead, Mr. Zimmer.

Mr. David Zimmer: My apologies, Chair. Thank you, Mr. Klees, for the heads-up on the document. Presumably you're going to question the witness on the document, and it's just a partial document because the last sentence is, "I am not at all certain that...." and the rest of it's missing. So we need the—

Mr. Frank Klees: It's all I have.

Mr. David Zimmer: Through you, Chair, to counsel: If you're going to put a document—

The Chair (Mr. Norm Miller): He can ask questions on this document and the email that—

Mr. David Zimmer: Well, I want to hear from the counsel on that. You can't put half a document to a person and ask them questions on it.

The Chair (Mr. Norm Miller): Would counsel like to respond?

Ms. Catherine Beagan Flood: It's for you to rule, not for me to—

The Chair (Mr. Norm Miller): Okay. This is fine. Mr. Klees can ask questions on this. There's an email document beside you there, if you want to have a look.

Ms. Carole McKeogh: Thank you.

The Chair (Mr. Norm Miller): We'll now go to the official opposition for questioning. Do you want to take some time to read that first?

Ms. Carole McKeogh: Sure.

Mr. Frank Klees: Please, not on my time.

The Chair (Mr. Norm Miller): We may have to have the witness come back, but yes, I won't count your time. And I will use the same strategy for all people who—

Mr. David Zimmer: That's fine. Thank you.

Mr. Frank Klees: Chair, my first question relates only to the first paragraph of this email.

The Chair (Mr. Norm Miller): We'll give the witness a chance to read it and then we'll start.

Ms. Carole McKeogh: Yes, I'm fine.

The Chair (Mr. Norm Miller): Ready?

Ms. Carole McKeogh: Yes.

The Chair (Mr. Norm Miller): You can go ahead.

Mr. Frank Klees: Thank you. Your role as the deputy director of legal services branch: You've held that position since 2003?

Ms. Carole McKeogh: I have.

Mr. Frank Klees: And you see the email that I've put before you. Can you tell us who Mel Springman is?

Ms. Carole McKeogh: Mel Springman was a senior lawyer of our branch and was with the branch for many years. He retired December 31, 2010.

Mr. Frank Klees: A respected individual, no doubt, within the ministry?

Ms. Carole McKeogh: Yes.

Mr. Frank Klees: You reported to him, did you?

Ms. Carole McKeogh: No. Mel was one of the counsel in our branch.

Mr. Frank Klees: Okay. The email that you're looking at is from Mel Springman and it is addressed to a number of people in the Ministry of Health. You are copied on it. He starts his email off by saying, and I'll read this into the record, "I continue to have serious concerns respecting the substance and tone of the MB-20." For those who aren't familiar, those are documents, submissions to cabinet for approval of a policy. "These concerns are a legacy and reflection of the concerns I expressed to you from the outset of this initiative, particularly in terms of successive decision documents and implementation documents."

The fourth paragraph down, he goes on to say, "Whatever one may think of the final recommendation in the MB-20 on air ambulance reform, for me the various incarnations of that document have consistently stood on rather flimsy, indeed sometimes misleading, grounds."

My question to you is: Receiving a document like this with an opinion from a senior lawyer in the ministry, what was your reaction when you read this?

Ms. Carole McKeogh: I'm just looking at the date, because I don't recall this email particularly.

Mr. David Zimmer: Chair—

The Chair (Mr. Norm Miller): Let the witness respond.

Mr. David Zimmer: —it's solicitor-client privilege. The letter is advice to the minister.

Mr. Frank Klees: It is not advice to the minister.

The Chair (Mr. Norm Miller): Please continue.

Ms. Carole McKeogh: I think that's a good point, though. It is legal advice to ministry staff.

Mr. David Zimmer: It is, and counsel, I would like your advice on this as a member of committee. You've heard my objection to further comment—

The Chair (Mr. Norm Miller): We'll get comment from legal counsel, then, Mr. Zimmer.

Ms. Catherine Beagan Flood: As I previously indicated to the committee, with respect to solicitor-client privilege, it is within the rights of the committee to require a witness to answer a question, even if it requires them to divulge information that is solicitor-client privilege. However, solicitor-client privilege is an extremely important, fundamental legal principle in the Canadian legal system, and therefore, traditionally, legislative committees have kept in mind the importance of that legal principle in deciding whether or not to require a witness to answer questions that would require them to divulge privileged information.

Mr. David Zimmer: Does the witness have the right to decline to answer?

Ms. Catherine Beagan Flood: It is for the committee to decide whether to require the witness to answer.

Mr. Frank Klees: Mr. Chair, if I might?

The Chair (Mr. Norm Miller): Yes, Mr. Klees.

Mr. Frank Klees: I am not asking for any specific comment relative to any of the details or recommendations of this email. I am asking the witness to simply provide her response to what she, as someone who was director of the legal services branch when she saw this—what her reaction was. I'm simply asking that.

The Chair (Mr. Norm Miller): I would ask the witness, if you wish to discuss this in camera, we can go in camera, if you're not comfortable answering the question that Mr. Klees is asking.

Ms. Carole McKeogh: I'm prepared to answer the question just in terms of my own reaction to this email. The people copied were Dianne Dougall, who was the legal director at the time; Janice Crawford, a deputy director; and myself, a deputy director. So he was copying, basically, the management team at the legal branch. Then other lawyers who were involved in the file—the email was addressed to his clients. I don't specifically remember this email. I do know that Mr. Springman had concerns about the MB-20 submission. I wasn't, however, directly involved in the file or providing legal advice for reviewing the MB-20 or anything like that. It was probably intended more as a heads-up that there was an issue.

Mr. Frank Klees: Thank you. Were you involved in the drafting of the original performance agreement?

Ms. Carole McKeogh: I was not.

Mr. Frank Klees: Did you review it at any time?

Ms. Carole McKeogh: In January 2012, when I was asked to prepare the amended version.

Mr. Frank Klees: Okay. You're familiar with article 15 of the original agreement, I'm sure. That is the article

that provides suspension rights to the ministry. It gives the ministry the right to enter the premises and suspend the operations of Ornge if they feel that they have reason to do so. Can you tell me what the difference is between the current performance agreement and the original performance agreement with respect to those rights of the ministry to investigate and to suspend operations?

Ms. Carole McKeogh: They're identical.

Mr. Frank Klees: Okay. You're also familiar with legislation that provides the ministry the right to enter any medical facility. I believe it's under the alternative medical facilities act? Or help me with the actual name—

Ms. Carole McKeogh: Are you talking about the Independent Health Facilities Act?

Mr. Frank Klees: Yes, the Independent Health Facilities Act.

The Chair (Mr. Norm Miller): You're on your last minute now, Mr. Klees.

Mr. Frank Klees: That act, if you could just confirm for me, gives the ministry the right to enter and actually to appoint a supervisor. Is that correct?

1020

Ms. Carole McKeogh: Now, I'm sorry, I don't know that offhand, but Ornge is not an independent health facility.

Mr. Frank Klees: It is not?

Ms. Carole McKeogh: No. An independent health facility under that act is a very particular type of facility that's licensed under that act, and Ornge is not covered by that.

Mr. Frank Klees: Could I ask you to do this for me? Could I ask you to review that legislation—

Ms. Carole McKeogh: Yes.

Mr. Frank Klees: —and provide us with an opinion regarding that? The reason I say that is that my reading of that is, because it refers to ambulance as well—and Ornge, I believe, was actually appointed a base hospital, and my understanding is that because it was designated a base hospital that it falls into that category.

Ms. Carole McKeogh: I wonder if you're thinking about the Health Facilities Special Orders Act rather than the Independent Health Facilities Act.

Mr. Frank Klees: Well, you know, I'll take your advice on that, and if you could look at both of those pieces of legislation. The reason is—

The Chair (Mr. Norm Miller): You are out of time now, Mr. Klees.

Mr. Frank Klees: Okay. If you would do that, I'd appreciate it, and I'm sure members of the committee would benefit from that.

Ms. Carole McKeogh: My pleasure.

The Chair (Mr. Norm Miller): If we could move to the NDP, please.

Ms. Carole McKeogh: Can I just add one comment in response to that?

The Chair (Mr. Norm Miller): Yes, please do.

Ms. Carole McKeogh: Both article 15—well, article 15 applies to the ministry taking control only of communications services, not the entire Ornge, and it is in the

case of a threat to patient safety, and the same applies with the Health Facilities Special Orders Act. There are very stringent tests dealing basically with patient safety. So I am happy to provide that information.

The Chair (Mr. Norm Miller): Thank you very much.

Jagmeet.

Mr. Jagmeet Singh: Thank you for being here. Who is the FOI coordinator for the Ministry of Health?

Ms. Carole McKeogh: Sorry, I can't remember his name right now.

Mr. Jagmeet Singh: Okay, and in 2010, would it have been the same person?

Ms. Carole McKeogh: It might not have been. I'd have to check into that for you.

Mr. Jagmeet Singh: Okay. Did you receive any of the FOIs that were requested on behalf of the NDP in 2010?

Ms. Carole McKeogh: The FOI requests?

Mr. Jagmeet Singh: Yes.

Ms. Carole McKeogh: I did not; I'm sorry.

Mr. Jagmeet Singh: Were you aware that there were FOI requests made by the NDP in 2010 regarding Ornge?

Ms. Carole McKeogh: Not at that time, no.

Mr. Jagmeet Singh: And now you are aware of that?

Ms. Carole McKeogh: Yes.

Mr. Jagmeet Singh: Okay. Are you aware of what protocols are followed normally when an FOI request is made?

Ms. Carole McKeogh: In a general sense, I am.

Mr. Jagmeet Singh: And if your ministry receives an FOI request, what's the procedure that's followed?

Ms. Carole McKeogh: I think that the FOI office sends the request to the branches that it considers may have information in response to the request and requests them to respond.

Mr. Jagmeet Singh: Okay. Do you know if there's any reason why we didn't receive an answer to our 2010 FOI request until 2012?

Ms. Carole McKeogh: I don't; I'm sorry.

Mr. Jagmeet Singh: Does that strike you as peculiar, that it takes two years to receive a response?

Ms. Carole McKeogh: It does seem long.

Mr. Jagmeet Singh: Okay. I'll just pass it over to my colleague, briefly.

M^{me} France Gélinas: Thank you.

I take it that you've seen a few performance agreements before?

Ms. Carole McKeogh: Yes.

M^{me} France Gélinas: You do a lot of them?

Ms. Carole McKeogh: Some.

M^{me} France Gélinas: You do some?

Ms. Carole McKeogh: Yeah.

M^{me} France Gélinas: Okay. Would you say that it has been heard of that the ministry would change an existing performance agreement?

Ms. Carole McKeogh: It doesn't happen that often.

M^{me} France Gélinas: But it has happened?

Ms. Carole McKeogh: I can't think of it offhand.

M^{me} France Gélinas: It could happen?

Ms. Carole McKeogh: It could happen.

M^{me} France Gélinas: It could happen. Okay. When you were asked to change the performance agreement for Ornge, that was the first time that you had any contact with Ornge?

Ms. Carole McKeogh: Yes. I had heard comments about Ornge in our office, but I had not worked directly on the file.

M^{me} France Gélinas: Who in your office worked on the Ornge file?

Ms. Carole McKeogh: That would have been Mel Springman originally, and a second lawyer in our office who worked with Mel, Bill Georgas.

M^{me} France Gélinas: And Bill Georgas is still there?

Ms. Carole McKeogh: Yes, he is.

M^{me} France Gélinas: Why didn't they go back to do the modification to the performance agreement?

Ms. Carole McKeogh: Well, it was really more of a workload issue. I think the branch wanted, first of all, a more senior lawyer working on the amended performance agreement, and I was the one who had the time available.

The Chair (Mr. Norm Miller): I'm afraid we're out of time, and I do recognize the NDP didn't get their full time. If the committee decides, it can request to have Ms. McKeogh back again, but you were short by five minutes on your time.

Thank you very much for coming this morning.

We're recessed till this afternoon.

The committee recessed from 1025 to 1232.

MR. RAINER BELTZNER

The Chair (Mr. Norm Miller): I'd like to call this meeting to order and welcome our first presenter of the afternoon, Mr. Rainer Beltzner. Mr. Beltzner, you've received information about a witness coming before the committee?

Mr. Rainer Beltzner: I did.

The Chair (Mr. Norm Miller): Very well. I believe our clerk has an oath for you.

The Clerk of the Committee (Mr. William Short): Please put your hand on the Bible in front of you. Thank you. Mr. Beltzner, do you solemnly swear that the evidence you shall give to this committee touching the subject of the present inquiry shall be the truth, the whole truth and nothing but the truth, so help you God?

Mr. Rainer Beltzner: I do.

The Clerk of the Committee (Mr. William Short): Thank you.

The Chair (Mr. Norm Miller): Very well, thank you. You have five minutes for an opening statement and then the three parties will have some time for questions.

Mr. Rainer Beltzner: Thank you, Mr. Chair. Good afternoon. Thank you for providing me with an opportunity to come and speak to you today in relation to your inquiry about Ornge.

I began with Ornge in 2004 and served as the non-executive chair of Ornge's board of directors until January of this year.

From the outset, significant changes were needed in order to establish Ornge as a viable unified entity. This was achieved under the guidance of a highly dedicated, hard-working and independent board. I'm proud to have had a role in Ornge's work and remarkable achievements.

There was and remains a significant funding gap between current service levels and demand for Ornge's services. This applies, of course, to most health care services in Ontario. Ornge, therefore, engaged in a combination of fundraising and for-profit initiatives, much like any hospital would do. The objective was to supplement government funding. These initiatives were known to the ministry. Ornge took considerable steps throughout this process to ensure that the government was always informed.

In order to put this funding strategy into effect and receive investor support, the initial corporate structure of Ornge had to be reorganized. This was driven to ensure that the benefits would flow to Ornge's air medical transport system. The relative complexity of the new structure resulted from the need to meet a number of interrelated legal, tax, economic, and accounting objectives. All of these steps were pursued only after the board had received and considered outside legal and accounting counsel that confirmed the legality of the proposed venture, its compliance with the performance agreement, and its practicality from an economic perspective. The board also took considerable steps to ensure that (a) Ornge was insulated from any downside risk; (b) the integrity of operations would not be compromised; and (c) the use of all government funds was restricted to the benefit of Ontario's air medical transport system.

On the last point, I'm compelled to reiterate my position and the instructions conveyed to management by the board. The board's absolute, unequivocal directive to Ornge management was that no public funds were to be used for the operations of the for-profit side of the company. Any such use would have been made without board knowledge and in direct contravention of the board's directive to management.

Throughout my time as chair of the board of Ornge, only once did the government convey any concerns to me. And when this occurred, I and the board responded immediately, full disclosure of the relevant information was provided, and the matter was clearly settled to the government's satisfaction.

A similar proactive approach was taken with respect to the AG's audit of Ornge. Members of management and the board provided the AG's team with an initial and comprehensive presentation and immediately made themselves available to provide any assistance required. The AG's draft report provided to me contained many inaccuracies and was highly suggestive. I immediately called the AG's representative to raise my concerns. Management, at the direction of the board, conducted an extensive written response of over 80 pages to correct the

errors in the draft report. I also initiated three separate meetings with officials at the AG's office at which I expressed concerns regarding these inaccuracies.

The allegations that the Ornge board somehow stonewalled the AG's office with respect to its audit is simply baseless. The board provided the AG's office with a full briefing of the for-profit initiatives. This included providing the AG's office with all documents that Ornge had legal access to.

On the issue of Ornge executive and board compensation, the board engaged independent external consultants to conduct an exhaustive study and provide recommendations to the board on compensation for both Ornge executives and the board. After consideration, the board followed these recommendations.

During the process of reporting executive compensations to the ministry, I became aware that Dr. Mazza's professional corporation was being paid substantial amounts for services apparently not being provided. I took immediate steps to stop these payments and informed the ministry's internal auditor.

My personal board compensation as reported included, yes, a basic retainer, in addition to meeting fees and supplementary approved fees as a recovery for the significant additional time expended throughout that period on matters pertaining to Ornge. All of these matters were designed to secure Ornge's financial viability and serve the long-term interests of Ontario patients.

It was understood that the government could not force our resignation. However, we conveyed the message to the government early this year that, if requested, we would step down. We did not want to stand in the way of government.

Thank you very much. I'd be happy to answer any questions that committee members may have.

The Chair (Mr. Norm Miller): Thank you. The rotation is such that the official opposition will go first. Mr. Klees?

Mr. Frank Klees: Thank you. If I could have the clerk distribute the CV that I distributed earlier.

Mr. Beltzner, thank you for appearing here. Can I just ask—I'm familiar with your CV.

Mr. Rainer Beltzner: Thank you.

Mr. Frank Klees: In fact, I couldn't imagine Methuselah having as long a CV. You have been a very busy man. There isn't a sector that you have not been involved in. You are familiar with boards and the responsibility that a director has, which really comes down to one thing, and that is to ensure the financial integrity. There is a fiduciary responsibility that every director has to its shareholders, to its stakeholders. Can I ask you this: Who, in your opinion, were your stakeholders to whom you had a fiduciary responsibility?

Mr. Rainer Beltzner: Clearly, part of the stakeholder component was the Ministry of Health under our responsibility under the performance agreement.

Mr. Frank Klees: Anyone else?

Mr. Rainer Beltzner: The people of Ontario.

Mr. Frank Klees: Okay. In your opinion, when did things start to go wrong at Ornge? There was a great vision that was put on paper, I think a very complex structure. I see your presentation. When did things start going wrong, or do you think anything went wrong?

Mr. Rainer Beltzner: The first indication was the draft report from the Auditor General, which—

Mr. Frank Klees: That was the first time that you thought Ornge may not be on the right track?

Mr. Rainer Beltzner: That draft report, as I indicated in my opening statement, contained, in my view, a substantial difference between my understanding of Ornge through the many years and the board's understanding, and that is reported by the Auditor General.

As I indicated in my opening statement, I instructed management, as well as the board members involved, to very carefully review that draft report and to respond in writing should the response be required to become public. That response was over 80 pages.

1240

Mr. Frank Klees: I understand that you were a very hands-on chairman of the board.

Mr. Rainer Beltzner: I am a non-executive chair of the board.

Mr. Frank Klees: What was your remuneration?

Mr. Rainer Beltzner: My remuneration, as reported, was slightly over \$200,000 in that fiscal year.

Mr. Frank Klees: Was that correct?

Mr. Rainer Beltzner: Yes.

Mr. Frank Klees: You also, I believe, sit on the board of directors of Humber College.

Mr. Rainer Beltzner: That is not correct. I used to sit on the board of directors of Humber College until such time as I was encouraged to leave the board.

Mr. Frank Klees: What was your remuneration there?

Mr. Rainer Beltzner: Zero.

Mr. Frank Klees: You're familiar with directors' compensation.

Mr. Rainer Beltzner: Absolutely.

Mr. Frank Klees: The compensation, notwithstanding the fact that you say it was recommended by an independent advisory group—I'm somewhat familiar with directors' compensation as well, as I sit on a couple of boards. This \$200,000 fee for an organization the size of Ornge is exorbitant, would you not agree?

Mr. Rainer Beltzner: I responded to the compensation issue in my opening remarks. I have no further comment.

Mr. Frank Klees: You think it's fair.

Mr. Rainer Beltzner: The entire board reviewed the recommendations of the external consultants that had reviewed the extent of work required by members of the board, and acted on that basis.

Mr. Frank Klees: Did you maintain an office at Ornge?

Mr. Rainer Beltzner: No, I did not maintain an office in Ornge.

Mr. Frank Klees: Did you maintain an office at any of its affiliated offices?

Mr. Rainer Beltzner: No, I did not.

Mr. Frank Klees: Is it true that you asked Enola Stoye, the professor of the Schulich business school, and Shanon Grauer, the lawyer at McCarthy's, to resign from the Ornge board of directors because they disagreed with the creation of Dr. Mazza's J Smarts initiative?

Mr. Rainer Beltzner: No, it is not.

Mr. Frank Klees: You deny that. Is Anne Brunet your daughter?

Mr. Rainer Beltzner: Yes, she is.

Mr. Frank Klees: How did she come to work at Ornge?

Mr. Rainer Beltzner: She applied for a position at Ornge in response to an advertisement that Ornge had run.

Mr. Frank Klees: What experience did she have?

Mr. Rainer Beltzner: She had been out of the house for many, many years, obviously, living as an adult. I believe she had been working at Credit Union Central of Ontario for something like five or six years in a variety of different positions.

Mr. Frank Klees: She took on quite some responsibility. There was a report this morning that the \$6.7-million consulting fee that was paid to Ornge by Agusta was basically the responsibility of your daughter and one other individual, a Ms. Long. Is that something that you were familiar with, that that would be her responsibility?

Mr. Rainer Beltzner: My daughter and I did not discuss Ornge business—

Mr. Frank Klees: Are you familiar with that \$6.7-million contract?

Mr. Rainer Beltzner: There are two contracts, I believe, that compose the \$6.7 million. I believe there was roughly a \$4.5-million or \$4.7-million marketing services contract from Agusta to Ornge Global as well as a subsequent \$2-million contract, which I believe, if my—I'm not absolutely certain of my memory on this point, but I believe it called for payments of a quarter of a million dollars per quarter over several years.

Mr. Frank Klees: And you thought that was a reasonable—

The Chair (Mr. Norm Miller): Mr. Klees, you have a minute and a half.

Mr. Frank Klees: Okay. Can I just ask: Did you approve Dr. Mazza's salary?

Mr. Rainer Beltzner: The board approved Dr. Mazza's salary.

Mr. Frank Klees: Did you approve the \$1 million, or coming close to that, of unsecured loans to Dr. Mazza?

Mr. Rainer Beltzner: The loans were not unsecured.

Mr. Frank Klees: They were not unsecured? But you approved them.

Mr. Rainer Beltzner: The board approved the loans.

Mr. Frank Klees: And you thought that was appropriate.

Mr. Rainer Beltzner: The board approved the loans.

Mr. Frank Klees: I find it interesting that you, at the outset, indicated that you had a fiduciary responsibility to the taxpayers of this province, and yet, even based on your extensive experience, you and the board, and as the leader of the board, made some decisions that I think are highly questionable. I wish we had more time to pursue that, but we don't. I look forward to having you back, and hopefully under a circumstance where we do have more time to pursue these issues.

I'll defer to my colleague.

The Chair (Mr. Norm Miller): Thank you, Mr. Klees. We'll move on to the NDP. Who would like to question there? Ms. Gélinas.

M^{me} France Gélinas: Welcome to Queen's Park.

Mr. Rainer Beltzner: Thank you.

M^{me} France Gélinas: In your role as chair of the board, you would be aware that the board kept minutes of its meetings.

Mr. Rainer Beltzner: The board absolutely kept detailed minutes of finance and audit, governance, and compensation committee meetings, in addition to board minutes, yes.

M^{me} France Gélinas: When you went in camera, did you keep minutes of the in-camera parts of your meetings?

Mr. Rainer Beltzner: Yes.

M^{me} France Gélinas: You did? To your knowledge, before you left Ornge, were those minutes still all there at Ornge?

Mr. Rainer Beltzner: To the best of my knowledge, all of the minutes were certainly taken by and provided by the corporate board secretary. As to whether they were there or not there, I don't know. I presume they were.

M^{me} France Gélinas: Who was the board secretary?

Mr. Rainer Beltzner: Lynne Taylor.

M^{me} France Gélinas: Lynne Taylor. Okay. We saw, through other witnesses and through correspondence, that you had the opportunity to go and brief the Minister of Health. Do you remember briefing the Minister of Health in late 2010, early 2011?

Mr. Rainer Beltzner: We had the opportunities, pursuant to a letter that I wrote the minister on—I believe the date of the letter was January 19, 2010. There were three opportunities subsequent to that letter to make presentations to ministries. The first of those presentations was, I think, January 25. I may be wrong—I apologize—but I believe it was around about January 25—to ministry representatives at the Ministry of Health; that's correct. Mr. Saäd Rafi was there, as well as a number of other individuals.

M^{me} France Gélinas: So you attended those meetings? They were here at the Ministry of Health, I'm guessing?

Mr. Rainer Beltzner: I believe they were up at the Ministry of Health in the Ministry of Health boardroom.

M^{me} France Gélinas: Okay. The minister didn't attend, but the deputy minister was there.

Mr. Rainer Beltzner: Absolutely.

M^{me} France G  linas: And a number of other people were there as well?

Mr. Rainer Beltzner: That is correct. I believe Ms. Li was there, and several others representing the government.

M^{me} France G  linas: Okay. And when you did your presentation, did you talk about the corporate structure?

Mr. Rainer Beltzner: Absolutely. In addition to having provided that very detailed letter, outlining both the purpose, the objectives, the corporate structure, the composition and the chart of the corporate structure, we provided a PowerPoint presentation, which I believe is now public, and went through that in some detail and answered clarifying questions and so on. Absolutely.

M^{me} France G  linas: How long would you say that meeting lasted?

Mr. Rainer Beltzner: Well, my recollection—certainly an hour, perhaps longer.

M^{me} France G  linas: Were there any questions that you were asked? Did you leave with the feeling that they understood what you had presented to them?

Mr. Rainer Beltzner: Certainly, that was my understanding. There was nothing raised during the course of that meeting that was, shall we say, in the least bit controversial. We indicated certainly during the course of the meeting that they should ask any questions. We invited questions; we asked clarifications. Nothing was brought up of any concern whatsoever.

M^{me} France G  linas: I'm with the NDP. We had filed a freedom of access of information to get to Mr. Mazza's salary. Has anybody from the government ever asked you Mr. Mazza's salary?

Mr. Rainer Beltzner: There was a request for information concerning Dr. Mazza's salary. I think the last time was in the fall of 2011, yes.

M^{me} France G  linas: Did you give that information?

Mr. Rainer Beltzner: We did not, and the reason we did not was because Dr. Mazza's salary, by legal advice, was apparently protected under confidentiality—I think the same reason that Mr. McKerlie recently responded to a similar request, indicating that for legal reasons, one cannot disclose personal information of companies that are not covered under the disclosure act. We indicated that to government at the time, and very clearly as to why.

1250

M^{me} France G  linas: You were very successful in getting your budget to increase a little bit every year. One specific year, you asked for a \$2.5-million increase directed at salaries. What is some of the information you shared at this point to justify the \$2.5-million increase in your budget for salaries?

Mr. Rainer Beltzner: I was not involved in that discussion with government with respect to the increase in salaries. That's a role of the CEO and the management team. The board receives the budget based on anticipated revenues and anticipated expenses, and reviews that, but in terms of negotiating with government for additional

compensation or providing rationale, that, of course, is the role of management.

M^{me} France G  linas: Was the full salary of Mr. Mazza—\$1.4 million, as we know it—under the budget that you administered?

Mr. Rainer Beltzner: I believe so.

M^{me} France G  linas: Okay. My colleague.

Mr. Jagmeet Singh: You indicated that there was only one concern that was ever raised by the government and that it was satisfied—

Mr. Rainer Beltzner: Yes.

Mr. Jagmeet Singh: —or it was resolved. What was that concern?

Mr. Rainer Beltzner: This was back in late 2008. Ruth Hawkins, who was at that time the assistant deputy minister responsible for emergency health services, I believe, communicated to me that she was in receipt of a letter that had been sent to a minister in government. That letter, strangely, was dated April of that year, and we're now into September or October—I can't quite recall, but it was certainly the fall. She had communicated with me that there was a concern and that we needed to get together and meet, and offered some date. I responded, I believe by email, indicating that I wanted to meet as soon as possible, and a subsequent meeting was held with her, Ken Flynn from the ministry's internal audit, and, I believe, I might have had Luis Navas with me, who was another board member at the time, at that meeting.

At that meeting, Ruth Hawkins presented to me a letter from an individual—and I'm not sure I recall his name; it might have been Keith Walmsley, I think—and the letter made allegations of a double set of books, inappropriate, excessive bonuses, items of that nature. This, of course—my response to Ruth Hawkins and Ken Flynn was that it needed to be looked into immediately, and it was, by both the ministry's internal audit and ourselves, and the matter of the double set of books, I think, was resolved very quickly, and compensation was responded to in a letter.

Mr. Jagmeet Singh: Okay. I'm sorry to interrupt. I just want to squeeze in some questions.

The Chair (Mr. Norm Miller): Mr. Singh, you have 30 seconds left.

Mr. Jagmeet Singh: How many times did you brief the government in total?

Mr. Rainer Beltzner: In terms of the last session?

M^{me} France G  linas: No, in terms—

Mr. Jagmeet Singh: In terms of the entirety when you were a board member, how many times?

Mr. Rainer Beltzner: Let me be clear the number of times that I personally met with government. I personally met with government officials three times. This would have been in the early part of 2011; I think once in January, once in February and once in March. I subsequently after that, I believe, attended a dinner which was attended by Dwight Duncan and Minister Papatello, along with an executive from Agusta. I believe after that I might have met with Patricia Li the next time, when I expressed some concerns about the manner in which the

AG's office was vetting data. And, I believe, subsequently, the meeting that I requested with the Minister of Health to provide information with respect to the—and this would have been in late December, I believe, when, on my request, I wanted a meeting with the Minister of Health to respond to some of the allegations that were out in the—

The Chair (Mr. Norm Miller): Thank you. I'm sorry, we're out of time, Mr. Singh.

Mr. Jagmeet Singh: Before 2011, any other meetings?

Mr. Rainer Beltzner: Not that I recall.

The Chair (Mr. Norm Miller): We'll have to move on to the government. If you do wish to have Mr. Beltzner back another day, of course, you can do that.

Ms. Sandals:

Mrs. Liz Sandals: Thank you very much. You mentioned in your opening remarks that you received a basic retainer for your services on the board?

Mr. Rainer Beltzner: That is correct.

Mrs. Liz Sandals: And you quoted \$200,000. Is the \$200,000 the basic retainer?

Mr. Rainer Beltzner: I don't recall the exact composition, but my payment consisted of a base retainer, and then, on top of that, as with every other board member—the base retainer, just to be clear, is the retainer for a position as a director—

Mrs. Liz Sandals: So is the \$200,000, then, the total compensation?

Mr. Rainer Beltzner: What is reported was the total compensation, which was retainer plus meeting fees, plus my billings, which were at the rate of \$250 an hour—approved—for the additional work working on the items related to the independent committee at the time.

Mrs. Liz Sandals: Okay. How would that compare, because you've served on a number of boards—how does that compare with other public boards, taxpayer-funded boards on which you have served?

Mr. Rainer Beltzner: First of all, the retainers did not relate to any boards that were charitable boards. These were all retainers related to boards that had a not-for-profit or a for-profit structure. Most of the public sector boards that I was involved in—for example, the Humber board is, in fact, a charitable board, volunteer, so there's no retainer—

Mrs. Liz Sandals: So in terms of other institutions which are publicly funded, this would be a rather different level of compensation for a board member than in other public sector, publicly funded boards?

Mr. Rainer Beltzner: In some cases, yes.

Mrs. Liz Sandals: We talked about the salary of Dr. Mazza: \$1.4 million. You were on the board that approved that salary?

Mr. Rainer Beltzner: Yes.

Mrs. Liz Sandals: And—

Mr. Rainer Beltzner: May I just clarify? That's not totally salary—

Mrs. Liz Sandals: His total compensation of \$1.4 million.

You were a member of the board that approved his transfer from employment of Ornge the non-profit to one of the for-profit subsidiaries? You were on the board that approved that transfer of employment?

Mr. Rainer Beltzner: That is correct. Dr. Mazza originally became an employee of Ornge as a result of his transfer from Sunnybrook and Women's back in 2006. Ornge, at the time, was a not-for-profit entity. Because we wanted to attract fundraising funds, we then moved Ornge to a charitable status along with the creation of a foundation, which is quite normal in that kind of environment. Dr. Mazza and a number of the other executives then moved from Ornge charity into a for-profit subsidiary called Ornge Peel.

Mrs. Liz Sandals: So it appears that Dr. Mazza's compensation rose quite abruptly from \$250,000 when it was listed on the sunshine list, as it's known, at the not-for-profit. You approved his transfer to for-profits, and it abruptly rose to \$1.4 million. Why was that transfer of employment made?

Mr. Rainer Beltzner: One of the things that we wanted to do was, obviously, create a structure that allowed for for-profit ventures—

Mrs. Liz Sandals: I didn't ask you why you changed the structure. Why did you transfer Dr. Mazza from a position where he was publicly listed as making \$250,000 to something where you've said the legal advice was that his salary amount was subject to privacy? Why did you transfer his employment from one body to the other?

Mr. Rainer Beltzner: I don't think it was a specific transfer of Dr. Mazza. We transferred all of the non-medical staff from Ornge the charity that was providing services under the Ambulance Act to a subsidiary. So it was not only Dr. Mazza but all of the other executives and staff that were not directly involved as required under the Ambulance Act for Ornge.

Mrs. Liz Sandals: So all of the staff who had previously been funded by public money and previously appeared on the sunshine list, all of them disappeared from the sunshine list?

Mr. Rainer Beltzner: Only—well, those that were transferred to the subsidiary company that were not required to remain within Ornge under its medical status.

Mrs. Liz Sandals: I don't think I'm hearing yet why they got transferred from one position to another. I understand that they were transferred, but why? There seems, from a public point of view, to be a correspondence between the transfer of employment—that's why I'm saying “why”—and the dramatic increase in salary. I mean, the salary increased sixfold with that move to—

Mr. Rainer Beltzner: Over time.

1300

Mrs. Liz Sandals: Well, and of course we can't see what went on in between because it disappeared from the sunshine list.

Mr. Rainer Beltzner: I understand, but that salary increased over time as the number of activities and the complexity of the organization changed.

Mrs. Liz Sandals: So over a matter of two or three years it increased sixfold?

Mr. Rainer Beltzner: That's correct.

Mrs. Liz Sandals: Does that make it okay, if it took two or three years?

Mr. Rainer Beltzner: As I indicated in my opening remarks, the compensation issues, because of the complexity and the scope of business that we were moving into, was very carefully reviewed by independent outside consultants. They gave their recommendations and we responded to those recommendations.

The Chair (Mr. Norm Miller): Ms. Sandals, you have about a minute and a half.

Mrs. Liz Sandals: Okay, then I'd like to change direction a little bit. Do you know a gentleman by the name of Kelly Mitchell?

Mr. Rainer Beltzner: Yes, I do.

Mrs. Liz Sandals: Were you on the board when he was appointed to the board of Ornge?

Mr. Rainer Beltzner: Yes.

Mrs. Liz Sandals: So were you responsible for that appointment as chair?

Mr. Rainer Beltzner: Well, Kelly Mitchell was identified as a possible replacement to Lorne Crawford, who had unfortunately passed away. Kelly Mitchell had a similar, if you like, presence in northwestern Ontario as did Lorne Crawford. We were looking for somebody to replace Lorne Crawford on the board who had that presence in that part of the province. So Kelly Mitchell was presented as—and I certainly asked him, as a matter of course, would he be available to join the board of Ornge.

Mrs. Liz Sandals: And was it usual practice to have people who were employed as consultants, or at least held a contract as a consultant acting for Ornge, to also be on the board of Ornge?

Mr. Rainer Beltzner: I'm not aware of the particulars of any consulting contract that Kelly Mitchell may have had.

Mrs. Liz Sandals: So you're unaware that Mr. Mitchell appears to have billed Ornge for over \$350,000 in contracts for lobbying?

Mr. Rainer Beltzner: I'm certainly not aware of any of that.

Mrs. Liz Sandals: So you did not approve that lobbying contract?

Mr. Rainer Beltzner: No.

Mrs. Liz Sandals: Thank you. I think we can pursue that more next week.

The Chair (Mr. Norm Miller): Thank you, and you are out of time. So thank you very much for your presentation today.

Mr. Rainer Beltzner: Thank you very much.

FASKEN MARTINEAU DUMOULIN, LLP

The Chair (Mr. Norm Miller): Our next presenter is Lynne Golding, partner and director, health law practice

group from Fasken Martineau DuMoulin, LLP. Welcome.

Ms. Golding, you've received the letter with information about a presenter to the committee?

Ms. Lynne Golding: I have.

The Chair (Mr. Norm Miller): Very well, and our clerk will have you swear an oath.

The Clerk of the Committee (Mr. William Short): I'm sorry. Ms. Golding, did you want to be affirmed or swear an oath?

Ms. Lynne Golding: I'll swear.

The Clerk of the Committee (Mr. William Short): Do you have the Bible?

Ms. Lynne Golding: I do.

The Clerk of the Committee (Mr. William Short): Ms. Golding, do you solemnly swear that the evidence you shall give to this committee touching the subject of the present inquiry shall be the truth, the whole truth and nothing but the truth, so help you God?

Ms. Lynne Golding: I do so swear.

The Clerk of the Committee (Mr. William Short): Thank you.

The Chair (Mr. Norm Miller): Very well. You have five minutes for an opening statement and then the three parties will ask questions.

Ms. Lynne Golding: Very good. Thank you. As you've heard, my name is Lynne Golding, and I'm a partner of the law firm of Fasken Martineau DuMoulin. I am one of a team of lawyers at my firm who have provided advice to Ornge over the years. There are five significant matters in the history of Ornge with respect to which I played a lead role. They are:

- its incorporation as Ontario Air Ambulance Services Co. and the transfer of assets to it from Sunnybrook in 2004;

- the negotiation of the performance agreement with the ministry in 2005;

- structuring advice with respect to the formation and incorporation of Orngeco and Ornge Peel in 2006 and 2007;

- Ornge's response to the first draft of the Auditor General's report in the fall of 2011; and

- the corporate activities completed since January 1, 2012, including the resignation of the board led by Rainer Beltzner, the election of the board led by Ian Delaney, the wind-up of the Ornge Global entities, and the petition of two of those entities into bankruptcy.

There are a few facts based on my personal experiences that I would like to have recorded. Firstly, why was Ornge incorporated as a non-share capital corporation rather than formed as an agency of the government? Mr. Delaney, when he appeared before you on April 4, speculated that it may have been an effort to emulate STARS, a successful air ambulance operation in Alberta, and that was part of it.

But from a legal perspective, we took as our model an example closer to home. At the time, there were approximately 150 health service providers operating in the province, offering their services to the public, receiving

almost all of their operating funding from the province. Most, but not all, were provincially incorporated. They were non-share capital corporations registered as federal charities, with boards elected by their members and without provincial government appointees. What were they? Ontario's public hospitals.

Corporations carrying on business in Ontario can be incorporated under the laws of Ontario, Canada or any other jurisdiction. The choice has little to do with the division of powers in the Constitution Act. It has generally to do with tax treatment, name availability and protection, and the cost and time necessary to incorporate.

In 2004, at the time Ornge was incorporated, a non-share capital corporation could be incorporated much more quickly federally than provincially. In order to meet certain legal obligations to employees, it was necessary that the company be incorporated by November 1. By the time we received the necessary consents to proceed in the fall of 2004, we knew we did not have enough time to incorporate provincially. Ornge was incorporated under the Canada Corporations Act on October 8, 2004. Its assets were transferred to it by Sunnybrook 24 days later, on November 1. It was well understood by Ornge that, though federally incorporated, it would be subject to all provincial laws.

Secondly, why was the devolution of the air ambulance system not subject to a public procurement process? Around that time and in the years to follow, the ministry was extricating itself from the operation of a number of programs, including the Cardiac Care Network and a number of psychiatric hospitals. I understand that in each case, the government relied on existing management and others it considered knowledgeable and experienced to serve as the initial leaders of the devolved entities.

Thirdly, questions have been raised regarding the performance agreement. The agreement was negotiated over a 10-month period of time. The ministry's team was led by Dennis Brown, likely the most knowledgeable person in the ministry regarding the operation of the air ambulance system at the time. He was supported by two other members of his department as well as a senior ministry lawyer and a very able junior.

The agreement includes extensive reporting obligations and provides the ministry with three separate inspection rights. It gave the ministry access to the records pertaining to the grant funds, whether they were held by Ornge or under Ornge's control. It gave the ministry the right to terminate the agreement for cause, including failing to comply with any one of Ornge's 15 pages of covenants. If the ministry believed that Ornge was not complying with the agreement but did not want to terminate the agreement for fear that they would create further risks to patient safety, the ministry could have issued a notice of default or threatened to do so. That usually gets the attention of a grant recipient.

Finally, the ministry had the right to assume control of the Ornge communications centre if it was concerned for the health or safety of patients.

I make these statements not because I believe the ministry should have taken those steps, but only to clarify and record the rights of the ministry in this regard.

I'd be pleased to answer any of your questions.

The Chair (Mr. Norm Miller): Thank you for your opening statement. Questions go to the NDP. Who would like to start? Ms. Gélinas.

M^{me} France Gélinas: I will be starting. Thank you for coming to Queen's Park, and thank you for your presentation.

In layman's terms, whether you incorporate at the federal level or at the provincial level, like many hospitals do, it changes in nothing the responsibility or the oversight of the government of Ontario, more specifically the Ministry of Health.

Ms. Lynne Golding: That is correct. There are at least half a dozen hospitals incorporated federally. I think they would all take the view that they are subject to the laws of Ontario and the dictates of the Ministry of Health.

M^{me} France Gélinas: In your dealings with Ornge, have you ever informed people at the government level—whether the Ministry of Health, the Premier's office, finance, anybody—as to the work that was being done by Ornge?

Ms. Lynne Golding: I never had any part in briefing the government. I did receive an email from Ms. McKeogh recently asking me why we incorporated federally, but I think that's really the only advice I've ever given to the government about Ornge.

M^{me} France Gélinas: In your work with Ornge, did Ornge ever raise flags that they needed to explain their corporate structure—they were going to meet with the government; they had had questions or concerns coming from the government?

1310

Ms. Lynne Golding: No. I knew that they were going to have that meeting in January. I knew all about that, and I had read parts of the letter before they went. I didn't really give them their advice to do with the provincial government.

M^{me} France Gélinas: Sorry. Say that—

Ms. Lynne Golding: I didn't give them their advice pertaining to keeping the provincial government briefed on their matters. I gave them advice at times, suggesting they should seek consent of the government, but I wasn't involved in preparing them for any of those arrangements.

Mme France Gélinas: Okay.

Mr. Jagmeet Singh: The minister has indicated a number of times—and I think you've already answered this, but let's make it clear: The minister indicated that the existing performance agreement was not strong, didn't give her the ability to do the proper oversight. I just want you to respond, given the fact that you've indicated a number of tools that the minister did have, including the ability to issue the notice of default or at least threaten to do so, including the right to terminate the agreement based on the 15 pages of covenants. What's your response to that?

Ms. Lynne Golding: Those were all of their rights. In addition, the ministry, as the chief funder of Ornge, had great powers of moral suasion. I can tell you, all of my broader public sector clients work very hard to make sure that the ministry is kept happy with them.

Mr. Jagmeet Singh: Just to build on that, similarly with a hospital or any other public institution that's receiving funds in a similar format, if the ministry had indicated that they were upset by something or they had a problem with something, in your experience, the institution would respond and would try to allay any concerns.

Ms. Lynne Golding: Absolutely.

Mr. Jagmeet Singh: And with respect to the ability of the minister or the ministry to control Ornge, you indicated that there is the ability to obtain information regarding—would the ability have affected the access to salary disclosure?

Ms. Lynne Golding: No, it didn't, so long as the employees were paid by Ornge or a subsidiary of Ornge. That was why, at the end of 2011, when the ministry asked to receive the salary information of those employees for the 2010 year, our advice was that they should provide those because those funds were paid out of monies that were under Ornge's control at that time. The Auditor General had access to that information as well, and he had recorded the aggregate number in his draft report. The fact that the ministry had access to that information was enough, in our view, to say that they should willingly, therefore, hand it over.

The Chair (Mr. Norm Miller): I believe the auditor would like to make a comment.

Mr. Jim McCarter: I think we found—we did try to get the T4 information. We found it difficult—I guess “time-consuming” would be the right word—to get all the information. We got most of it, but we were unable to get all of it, especially when it came to the for-profit subsidiaries.

That was one of the areas that we did mention to the ministry in suggesting they strengthen the performance agreement. The ministry didn't know what the salaries were of either the board or senior management. We said that we think they're at a high enough level that you need to get this information. We said that the performance agreement will get you part of the way; we're not sure if it'll get you all the way, I guess, was our interpretation of it, Ms. Golding.

Mr. Jagmeet Singh: Just two pieces, then: The performance agreements that you helped in drafting provided that there were a number of reporting requirements that Ornge had to report back to the ministry?

Ms. Lynne Golding: Yes. Three pages' worth.

Mr. Jagmeet Singh: And in addition, the ministry had access to records pertaining to grant funds, whether they were held by Ornge or under Ornge's control. Would that include subsidiaries as well?

Ms. Lynne Golding: Subsidiaries, yes. So up until the end of 2010, all of that information should have been available to the Auditor General or to the ministry. The ministry would have had access to those. That changed after January 1, 2011.

M^{me} France G  linas: Did Don Guy do work for Ornge?

Ms. Lynne Golding: Yes, he did.

M^{me} France G  linas: Do you know in what capacity he did and over what period of time?

Ms. Lynne Golding: I didn't know that he had this relationship with Ornge until December 2011. To this day, I don't know very much about it. Really, it was a relationship between Mr. Apps and Mr. Guy, and I think you'd be best to direct your questions that way. However, based on the Hansard of last week and Mr. Apps's testimony, I know that you were looking for figures about the actual billings, and I do have those.

M^{me} France G  linas: You will table that with the clerk?

Ms. Lynne Golding: Yes.

M^{me} France G  linas: Thank you. To the best of your knowledge, why was Mr. Don Guy hired?

Ms. Lynne Golding: I really couldn't say.

Mme France G  linas: No? Okay.

Mr. Jagmeet Singh: Can you confirm that Guy Giorno suggested that using the \$1.6 million in public money to start the private companies would raise serious legal concerns or legal issues?

Ms. Lynne Golding: Yes, it was the view of Guy and myself that ministry funds should not be either loaned or granted to any of these for-profits without the consent of the ministry. The performance agreement wasn't absolutely clear on that point, but we thought the better view was that the ministry's consent should be obtained.

Mr. Jagmeet Singh: And did you provide that information, or did you alert the ministry of that?

Ms. Lynne Golding: No. Our relationship was directly with Ornge. They were our client, so that's who we provided our advice to.

Mr. Jagmeet Singh: Okay.

M^{me} France G  linas: So you had no way of knowing if Ornge acted upon—did you follow up to see if they acted upon that recommendation not to use public funds for their other pursuit?

Ms. Lynne Golding: I'll tell you, I don't even know if the loan was ever made. I looked for it before I came here to see if there was any evidence. I couldn't find any, but that doesn't mean it wasn't made.

I do know that the vertical restructuring, as I call it, the one where Orngeco and Peel were created—we had suggested that the ministry be apprised of all of that before it was begun. It wasn't, which made us uneasy, but I do understand that in 2008, Ornge officials met with the ministry and fully briefed them on all of those transactions.

The Chair (Mr. Norm Miller): You have a minute left.

Mr. Jagmeet Singh: If it was obvious to you and at least to Mr. Giorno that this would raise concerns—the public and the private kind of overlapping—do you see any reason why the ministry officials wouldn't reach the same conclusion, that there were some issues with this?

Ms. Lynne Golding: I think that they could have taken great comfort from the fact, as I say, that Ornge took the view, based on the language of the performance agreement, that all assets and revenues of Ornge or under its control were subject to review by the ministry. I would hope that the ministry would have been satisfied with the explanations given. It appears they were, if they were so briefed in 2008.

The Chair (Mr. Norm Miller): We are pretty much out of time, so a very short question.

M^{me} France G  linas: What do you know about Ornge Brazil?

Ms. Lynne Golding: Nothing.

The Chair (Mr. Norm Miller): Thank you very much. We'll move to the government now. Mr. Leal.

Mr. Jeff Leal: Thank you for your presentation today. I have a number of questions. Are you or have you been a member of either the Conservative Party of Canada or the Progressive Conservative Party of Ontario?

Ms. Lynne Golding: I am a proud member of both.

Mr. Jeff Leal: It is my understanding that you're in fact married to Tony Clement, a former provincial cabinet minister and currently a minister in the Harper government. Can you confirm that for the record?

Ms. Lynne Golding: That is true.

Mr. Jeff Leal: In the past 12 months, have you spoken with any Ontario Progressive Conservative MPPs or political staffers about Ornge?

Ms. Lynne Golding: I saw Mr. Miller on Saturday and I asked him to please make sure I appeared today and didn't have to put this off for yet another week. That was it.

Mr. Jeff Leal: So you're saying that other than Mr. Miller—in the past 12 months, he's the only one that you've talked to?

Ms. Lynne Golding: MPPs, yes.

Mr. Jeff Leal: In recent months, the Ontario PC caucus, many of whom you no doubt know personally from your days with the Ontario PC Party, have been highly critical of your work and what your firm did for Ornge, particularly as it relates to the creation of the for-profit affiliates and subsidiaries. Mr. Klees in the House on several occasions has referred to this work as a "scheme." Do you stand by your work that your firm has done for Ornge?

Ms. Lynne Golding: Yes. I stand by the work that we have done. The structures that are in place are standard structures on the for-profit side for for-profit entities, and the structure on the "left side," as we call it, the not-for-profit structure, is also commonly used in the charitable and not-for-profit sector.

Mr. Jeff Leal: Last week, during his testimony, Mr. Apps indicated that your firm, Fasken Martineau DuMoulin, had a lucrative retainer with Ornge and provided a wide range of legal services to the organization. He indicated that you had considerable responsibility for this retainer and in fact were a billing partner at one point in time. Is that correct?

Ms. Lynne Golding: No, I was not the billing partner.

Mr. Jeff Leal: What is the precise nature of the legal services that you provided to Ornge?

Ms. Lynne Golding: We were their general counsel, which means that we provided pretty much all their legal advice in the province of Ontario, with the exception of insured litigation and union labour advice.

Mr. Jeff Leal: We have a summary of some billings from your law firm—and these are summaries. I wonder if it would be possible to get a more precise breakdown of time chits from your firm.

Ms. Lynne Golding: All right. What I've just circulated there, those are Mr. Guy's invoices to our firm for his services, but I do have a summary of our legal fees, if you'd like those as well.

Mr. Jeff Leal: Your personal billings?

Ms. Lynne Golding: My firm's billings.

Mr. Jeff Leal: Are they time chits or just summaries?

Ms. Lynne Golding: It's the gross amount billed of our fees for the for-profit and not-for-profit entities from 2003-12. It sets out as well the amount with taxes and disbursements.

Mr. Jeff Leal: Could you table that quickly so we get a chance to do an analysis on it, please?

Ms. Lynne Golding: It also describes the types of services that we provided, examples of them.

1320

Mr. Jeff Leal: If I can continue: Last week, Mr. Apps indicated that Mr. Giorno, a lawyer with your firm and also a prominent Conservative, provided legal advice with respect to Mr. Mazza's salary. Is that correct?

Ms. Lynne Golding: I'm sorry. The question was, did we provide advice?

Mr. Jeff Leal: Yes.

Ms. Lynne Golding: A lawyer in our firm did draft the 2007 employment contract and the 2011 employment contract.

Mr. Jeff Leal: What is the name of that lawyer?

Ms. Lynne Golding: Donna Gallant.

Mr. Jeff Leal: Thank you very much.

Ms. Lynne Golding: She received her instructions on that from Mr. Apps.

Mr. Jeff Leal: Did any work involve determining whether Mr. Mazza's \$1.4-million salary was appropriate under provincial rules and guidelines, including the public sector salary disclosure rules?

Ms. Lynne Golding: We gave advice on whether the salary should be disclosed under that act.

Mr. Jeff Leal: Was that generally the conclusion that Mr. Giorno reached?

Ms. Lynne Golding: Mr. Giorno and I did conclude that while Dr. Mazza was employed by Peel, he was not subject to disclosure of his salary under the act. Now, if I may, that wasn't the end of our advice. Our advice went on to say that Ornge should be aware that the ministry could, with the stroke of a pen, pass a regulation designating Ornge and its subsidiaries—Ornge was already subject to it, but its subsidiaries—as entities that would be required to comply. We also urged them to voluntarily

disclose the salaries, but said that they could only do that with the consent of—

Mr. Jeff Leal: Were you aware that Mr. Mazza was earning \$1.4 million in salary and compensation last year?

Ms. Lynne Golding: No. I only became aware of that on December 21, after the amount had been disclosed to the ministry.

Mr. Jeff Leal: In your professional view, do you think that's an appropriate salary considering most of Ornge's funding comes from the provincial treasury?

Ms. Lynne Golding: I think it's outrageous.

Mr. Jeff Leal: Were you involved in the decision to transfer Dr. Mazza's employment contract for the non-profit Ornge to one of Ornge's for-profit entities?

Ms. Lynne Golding: I was asked to give advice on that, and I suggested that they obtain the consent of the ministry before doing so.

Mr. Jeff Leal: When did that take place?

Ms. Lynne Golding: That was in November 2006—November 15.

Mr. Jeff Leal: Did the move have anything to do with providing him with an opportunity to earn more salary and more compensation?

Ms. Lynne Golding: I don't actually think that was the motivation. I think that the motivation was to put management in the separate for-profit corporation so that they could lend out their services, so they could provide those management services to other entities and earn a revenue stream from doing so.

Mr. Jeff Leal: Were you aware that this transfer would result in him being removed from Ontario's sunshine list?

Ms. Lynne Golding: It didn't occur to me when I first gave the advice, but certainly we knew in January, because that was when we were asked for specific advice on that question.

Mr. Jeff Leal: Do you see any connection between Dr. Mazza's salary skyrocketing from \$250,000 a year to \$1.4 million a year at the same time as his salary was taken off-book?

Ms. Lynne Golding: Well, it clearly happened. I don't know why, but it clearly happened.

Mr. Jeff Leal: With the benefit of hindsight, do you think Mr. Giorno's advice to Ornge with respect to the appropriateness of Dr. Mazza's salary was good advice?

Ms. Lynne Golding: I want to be clear: Mr. Giorno didn't suggest that Dr. Mazza's employment should be transferred. He simply answered the question: If his employment was transferred, would his salary be subject to disclosure rules? He said that it would not be, but that government could easily make it so by passing a regulation.

Mr. Jeff Leal: Have you ever worked with Kelly Mitchell in his role as one of the partners of the Pathway Group, in relationship to your work at Ornge and he being a former board member? Did your paths ever cross?

Ms. Lynne Golding: Not in that capacity at all, no.

The Chair (Mr. Norm Miller): You have about a minute and a half, Mr. Leal.

Mr. Jeff Leal: Could I go back just to clarify? Could you repeat that one more time, Ms. Golding, please—

Ms. Lynne Golding: No, I didn't do any work with Mr. Mitchell relating to Ornge.

Mr. Jeff Leal: But you know Mr. Mitchell?

Ms. Lynne Golding: Oh, yes.

Mr. Jeff Leal: Okay.

Mr. David Zimmer: We understand from Mr. Apps that there are relationship partners, billing partners and responsible partners. Which partner are you?

Ms. Lynne Golding: Responsible partner. We have three different categories of our client files. A responsible partner is the one who's responsible for a specific matter. So I was responsible for some matters, including those five that I listed at the beginning.

Mr. David Zimmer: I've got your time summary here. You've got the total staff part and the other one—I've got it here.

Ms. Lynne Golding: You want—

Mr. David Zimmer: It totals \$9.5 million plus HST and some other things.

Ms. Lynne Golding: Right.

Mr. David Zimmer: And those are summaries. Can we have the actual time sheets that the lawyers fill out, which would show us who met with whom and on what date and what they actually did?

Ms. Lynne Golding: Twenty-two thousand hours—it's a lot. I will have to find out if we can provide that. If we can, we will.

Mr. David Zimmer: But that information would tell us who met with whom, on what dates and—

Ms. Lynne Golding: Is it that you're looking for a list of who met with government people or who met with—

Mr. David Zimmer: No. Can you produce the detailed billing dockets?

Ms. Lynne Golding: I will have to speak to my managing partner about—

The Chair (Mr. Norm Miller): And we are out of time at this time, so we'll move to the opposition. Mr. Klees.

Mr. Frank Klees: Thank you, Chair. Ms. Golding, I think you've given us the turning point of these hearings. We have, for the last number of months, heard repeatedly from the Minister of Health that the reason that she was not able to intervene at Ornge was because the performance agreement didn't allow her to do so because Ornge was incorporated federally. That was, I think, the third or fourth reason that she gave us.

We have been trying to draw their attention to the original performance agreement. I think one of the specific schedules was schedule 15. They've, for whatever reason, refused to look there.

We've drawn attention to the fact, as well, that there's other legislation that certainly empowers the Ministry of Health to step in, as you pointed out today, to five hospitals that are similarly incorporated, and what you have given us today is a confirmation that those were

simply excuses on the part of the Minister of Health and, quite frankly, a cover-up of their lack of oversight, and the Auditor General pointed that out.

I am wrestling with this, and perhaps you can help me. Would you have any thought as to what kind of advice the minister might have relied on to give her such confidence to stand in the Legislature and tell the members of the Legislature that she had no authority to intervene? Where might she get that advice?

Ms. Lynne Golding: I really don't know.

Mr. Frank Klees: It certainly couldn't come from anyone who is at all familiar, first of all, with legislation relating to the ministry's authority. It couldn't come from anyone who was intimately familiar with the performance agreement. Is that correct?

Ms. Lynne Golding: I wouldn't think so.

Mr. Frank Klees: I'd like to ask you about this shift between the not-for-profit and the for-profit entities. As I understand the performance agreement, it never contemplated this transition to the for-profit scheme, and I have no problem referring to it as that, and the reason I don't is because I see an intentional leverage of public funds into those for-profit companies.

I see your billings here to the for-profit companies was \$2.8 million. We have no evidence that those for-profit companies generated any revenue. The only conclusion that we can draw is that the funds that flowed into those for-profit companies came from the operational dollars, from that steady cash flow that came from the Ministry of Health intended for our air ambulance services.

Ms. Lynne Golding: I'm not sure that is true. Remember, the global side did have some other sources of revenue. There was, as we all know, the \$4.8 million from AgustaWestland. So it would have been used to pay expenses on the right side, as we call it, the for-profit side, presumably including our legal fees. As well, that credit lease transaction which you've all heard about generated \$5.6 million of investment, also on the right side, and presumably those amounts were also available to pay our legal fees. I don't know for sure, but certainly that is a pool of money that could have been available for that purpose.

Mr. Frank Klees: Sure. So, with regard to that credit lease transaction, based on what we are hearing, that was all debt. It was basically generated by what we understand was an inflated appraisal of that property that Ornge very quickly mortgaged.

1330

Ms. Lynne Golding: The Auditor General takes the view that it was an inflated price. The Auditor General received one valuation which said that it was much lower than the valuation that Ornge received. Ornge doesn't take the view that it was inflated.

Mr. Frank Klees: With regard to the not-for-profit, I understand that advice was given to Ornge that it would be inappropriate to fund, from the not-for-profit Ornge entity, government funds into this charity that was being created. Do you recall the advice that Fasken gave to Ornge on that, and could you—

Ms. Lynne Golding: To not fund the not-for-profit with the charitable monies—

Mr. Frank Klees: Right.

Ms. Lynne Golding: —without the consent of the ministry, yes.

Mr. Frank Klees: I also understand that there is a contradictory opinion that was given by the same law firm?

Ms. Lynne Golding: That's right. A few months after Mr. Giorno and I provided our advice, Mr. Apps provided a separate opinion. It was on a different structure that he had proposed, but he didn't think that the consent of the ministry would be required. He thought it would be appropriate.

Mr. Frank Klees: So your advice was, "You shouldn't do this." Mr. Apps came along a few months later and said, "No, that's okay. We'll do it this way," and that, I think, was going to involve some \$1.6 million of seeding.

Ms. Lynne Golding: Right.

Mr. Frank Klees: When there's a conflict between two lawyers of the same firm, what typically would happen?

Ms. Lynne Golding: Well, you know, the law is unfortunately not always black and white. It's often grey, so there are disagreements that do emerge between partners. Generally, we get together and see if we can resolve our differences, reason with each other, do more research, speak to other people. If we can't resolve those—and it's not very often; usually we can—then we would present to our client both different perspectives and say what the risks were of accepting one or the other.

Now, in this case, it was kind of odd because the client knew full well of the difference in our opinions, but actually the lawyers didn't. Certainly, Mr. Giorno and I knew nothing about the advice that Mr. Apps gave, and I don't know whether he knew of our prior advice.

The Chair (Mr. Norm Miller): You have a minute left, Mr. Klees.

Ms. Lynne Golding: In the end, the client had both pieces of advice.

Mr. Frank Klees: Interesting. At the end of the day, the shift into this for-profit side: From your perspective, did it achieve the intended goal that Ornge had?

Ms. Lynne Golding: I think the bankruptcy of the Ornge Global entity shows that it did not achieve their objective.

Mr. Frank Klees: Thank you.

The Chair (Mr. Norm Miller): Thank you. And, Auditor, did you want to make a comment about the lease?

Mr. Jim McCarter: Just on the lease transaction, I think our focus was not so much on the market value of the building; it was more on, Ornge renegotiated higher lease rates. We actually brought in a large national commercial real estate company to assess if those renegotiated lease rates were really market value for the airport corporate area. The advice we got was that the lease rates were 40% higher than market value, and they structured a

25-year lease. So when you have a building, the higher the lease rates and the longer the lease term, that, in itself, increases the market value of the building. I will add, though, as we said in our report, that they did get an opinion from another—it was actually a public accounting firm that indicated that they felt the lease rate was reasonable. So, Mr. Klees, we presented both sides of the story.

Mr. Frank Klees: Thank you.

The Chair (Mr. Norm Miller): Thank you for your presentation today, Ms. Golding.

Okay, so now we have a bit of time before our next presenter, in that the next presenter is scheduled for 2 o'clock, and we have a backlog of motions before the committee. So we're going to deal with them in the time available, and if we run out of time, we're going back to our presenters. We'll deal with them starting with the oldest moving towards the newest.

The first motion we have, the oldest one, starting from oldest to newest, is one Mr. Barrett had put forward. Do you want to move that motion?

Mr. Toby Barrett: Thank you, Chair. This is a motion that the Standing Committee on Public Accounts ("the committee") direct the clerk of the committee to request the attendance of the following individuals as witnesses in relation to the committee's consideration of the 2012 special report of the Auditor General of Ontario on Ornge air ambulance and related services: Mr. Bruce Bennett, (former ADM, controller, Ministry of Finance); Mr. Skanda Skanthavarathan (chief accountant, Ministry of Health); Ron Sapsford (former MOH deputy who testified at the February 23, 2006, public accounts); Ms. Mary Kardos Burton (former MOH ADM of acute services division); Jennifer Tracey (Ornge); and, lastly, Diane Flanagan, chief of staff to Dwight Duncan (2007).

I think that's been distributed to everybody, that motion.

The Chair (Mr. Norm Miller): Okay. Any comments? Ms. Sandals.

Mrs. Liz Sandals: I would like to table an amendment, which I believe people have on their desks.

The Chair (Mr. Norm Miller): Very good. Everyone has a copy of the amendment, I understand.

Mrs. Liz Sandals: Would you like me to read that into the record?

The Chair (Mr. Norm Miller): Yes, please do.

Mrs. Liz Sandals: And, in addition, that the committee direct the clerk of the committee to request the attendance of Kelly Long, former associate vice-president at Ornge, for the purpose of providing evidence to assist the committee in its consideration of the 2012 special report of the Auditor General of Ontario on Ornge air ambulance and related services and that her attendance be scheduled at the earliest possible opportunity.

The Chair (Mr. Norm Miller): Any discussion? No discussion, so we vote on the amendment first. All in favour? Carried.

The motion, as amended, all in favour? Carried.

What's next, Mr. Clerk, in the pile?

The Clerk of the Committee (Mr. William Short): France Gélinas's motion.

The Chair (Mr. Norm Miller): Okay. We'll get the next motion.

M^{me} France Gélinas: I was told that I can read it into the record to save time. Is this okay with you, Mr. Chair?

The Chair (Mr. Norm Miller): Please.

M^{me} France Gélinas: Thank you. That the Standing Committee on Public Accounts direct the clerk of the committee to request the attendance of the following individual as a witness in relation to the committee's consideration of the 2012 special report of the Auditor General of Ontario on Ornge air ambulance and related services: Cynthia Heinz, administrator of Ornge Global Brazil.

1340

The Chair (Mr. Norm Miller): Any discussion?

All in favour? Carried.

What's our next motion, Mr. Clerk?

Interjections.

Mr. Frank Klees: I'll read it, with your permission: That the Standing Committee on Public Accounts ("the committee") direct the clerk of the committee to request the attendance of the following individuals as witnesses in relation to the committee's consideration of the 2012 special report of the Auditor General of Ontario on Ornge air ambulance and related services: Jim Sinclair, director, legal services, Ministry of Finance; Peter Wallace, former Deputy Minister of Finance; Trevor Kidd, flight paramedic; Ron Smith, director of transportation, CAW/TCA Canada; Randy L'Heureux, associate vice president, operations, Ornge; and Hon. David Caplan, former health minister.

The Chair (Mr. Norm Miller): Yes, Liz?

Mrs. Liz Sandals: Just to note for the record that this has been tabled so long that I believe Mr. Caplan is scheduled for next week, and in fact Mr. Wallace has already appeared. So would it be a friendly amendment to delete the two who've already either appeared or have been already scheduled?

Mr. Frank Klees: I don't have a problem with deleting Mr. Caplan or Peter Wallace. I would like to, in that case, add Mr. Wallace to my motion that is recalling witnesses.

Interjection.

The Chair (Mr. Norm Miller): Okay. So we have an amendment to delete those two names. Any discussion? All in favour of the motion, as amended? So the motion, as amended—that's with the names taken off. Carried.

Mr. Frank Klees: With your permission, Chair?

The Chair (Mr. Norm Miller): Yes, please, Mr. Klees.

Mr. Frank Klees: That the Standing Committee on Public Accounts ("the committee") direct the clerk of the committee to recall the following individuals to attend as witnesses in relation to the committee's consideration of the 2012 special report of the Auditor General of Ontario on Ornge air ambulance and related services: Hon. Deb Matthews, Minister of Health; Saād Rafi, Deputy Min-

ister of Health; George Smitherman, former Minister of Health; Patricia Li, ADM, Ministry of Health; and Malcolm Bates, director, emergency health services branch, Ministry of Health.

Mr. Chair, if I might just speak to this.

The Chair (Mr. Norm Miller): Yes, please.

Mr. Frank Klees: It's very clear with all of these people that we do not have the time to properly question and to get through the important information that we have. All of these people have been here, every one of them. We have not had the opportunity to fully question them. That's why I'm asking for the recall.

In another motion that I have, I'm going to be making another recommendation with the people whom we are recalling that we do so on the understanding that they are to come and attend here until we, as a committee, are finished with them.

I think this business of us constantly calling them back and having people come here and then not be able to do our work just is not only frustrating for us, but it's an inconvenience for the witnesses as well.

The Chair (Mr. Norm Miller): Thank you. We'll see whether we have time to get to your next motion, and if not, I would suggest that the subcommittee talk about it next Monday if we don't get to it. Ms. Sandals?

Mrs. Liz Sandals: I'm not arguing with the fact that you might want to recall them. I'm concerned about process here, and it actually goes to the thing that you just said, which is, you want to add the ability to endlessly call them back. It seems to me that it would be much more efficient for the committee and much more efficient for the witnesses, because some of these people, like, we've got the secretary of cabinet—he's got better things to do than sit here and wait for us to say, "At our pleasure, we'd like to talk to you for 10 minutes now and 20 minutes some other day." He really does have other things to do in this world.

Perhaps this is something that we need to work on at subcommittee: that we'll go through everybody once, and then when we've got all the comment about everything, it would be more efficient to call them back, so that when we call them back, we've got the accumulation of everything that we've discovered in the interim. We might want to talk to them further, rather than having them being treated like Ping-Pong balls.

Mr. Frank Klees: Mr. Chair, I have no objection to that. I think what I will be insisting, though, that we adopt is from the timing: that when we do call them back, it's not for half an hour—that we call them in such a way that we give them a time to be here, and it will be up to the clerk to appropriately schedule to allow for that time. If we need an hour or an hour and a half with a particular witness, they should be ready to come and know that they're here as a witness for as long as this committee wants to question them. So it may be an hour; it may be 45 minutes; it may be longer. I think if we're to get down to work here and get the information that we need, we need to have that latitude with these witnesses—and to your point, to their benefit as well.

Mrs. Liz Sandals: If I could make one other suggestion, then, and perhaps, again, it's a friendly amendment: that we add on to the motion that the question of the timing of the scheduling of these recalled witnesses be referred to the subcommittee, because we don't need to thrash that all out today. But if we have an understanding that it will be after we've heard the rest—but just say "referred to the subcommittee" and we can discuss it at length then.

The Chair (Mr. Norm Miller): Very well. Mr. Ouellette?

Mr. Jerry J. Ouellette: It has been the practice of this committee, with most of the other presentations and the other reviews that we undertake, to have extended periods of time for these individuals to come forward. The set-up that we have now is more the exception to the rule that I'm used to in the years that I've had on this committee. I think that it would be in the best interest—to use a specific individual, Mr. Peter Wallace, for example—to say, "Make yourself available for this afternoon," and other individuals at that time, possibly, to come forward. I would agree that the subcommittee should be the one to define those rules as necessary.

The Chair (Mr. Norm Miller): So we have a motion and we have an amendment to it, I believe. We'll need two minutes to draft up the change to the motion, so we'll recess for a couple of minutes.

The committee recessed from 1345 to 1347.

The Chair (Mr. Norm Miller): Okay, so we'll come back to order here, back in session. Do you want to read out the amended motion?

The Clerk of the Committee (Mr. William Short): The amendment that was just agreed to, on top of Mr. Klees's original motion, that the committee refer the decision of scheduling recalled witnesses to the subcommittee: That was agreed to by everybody?

The Chair (Mr. Norm Miller): Yes, and that Peter Wallace—

The Clerk of the Committee (Mr. William Short): And that Peter Wallace's name be added to the original motion and deleted off of the previous one as a recalled witness. That's now what we're dealing with, so if a member can just read this into the record, then we're official.

Mrs. Liz Sandals: What, as an amendment?

The Clerk of the Committee (Mr. William Short): That's the amendment to the original motion.

Mrs. Liz Sandals: Okay. Did you already read Peter Wallace in, Frank?

Mr. Frank Klees: Yes.

Mrs. Liz Sandals: I'll move an amendment that the committee refer the decision of scheduling recalled witnesses to the subcommittee.

The Chair (Mr. Norm Miller): Okay, any discussion? So all in agreement on the amendment? Carried.

And the original motion as amended? Carried.

Okay, this is another Mr. Klees motion that everybody has a copy of.

Mrs. Liz Sandals: Which one is it? We've got a bunch of Mr. Klees's motions.

The Chair (Mr. Norm Miller): This is the one with Don Guy.

Mr. Frank Klees: That the Standing Committee on Public Accounts, pursuant to standing order 110(b), whereby each committee shall have power to send for persons, papers and things, compel the government to produce and table to this committee any and all emails, correspondence, notes and/or materials that were sent, received or copied or named or referenced Mr. Don Guy that relate to Ornge and/or Ontario's air ambulance service.

The Chair (Mr. Norm Miller): Discussion?

Mrs. Liz Sandals: I have an amendment, which I happily do have copies of this time.

The Chair (Mr. Norm Miller): And your amendment?

Mrs. Liz Sandals: This is because this is production, so this is more production.

That Kelly Mitchell be compelled to produce and table with the committee no later than Monday, April 30, all written records, including but not limited to billing statements, invoices, emails, correspondence and notes relating to Pathway Group's work for Ornge and/or Ontario's air ambulance service.

I do have copies.

The Chair (Mr. Norm Miller): Your date on that was April 30?

Mrs. Liz Sandals: Yes. I think that's related to his appearing at the committee on May 2. That would facilitate trying to get the documents so committee could actually see the documents before we do the examination, which would seem to be helpful.

M^{me} France G  linas: Mr. Chair?

The Chair (Mr. Norm Miller): Yes.

M^{me} France G  linas: I really hate procedures, but it seems to me that this is not an amendment; this is two individual motions that should just be treated as such. One has nothing to do with the other. As much as I hate procedures, here I am bringing forward this point that this is not an amendment. It has nothing to do with the motion. Although I have no problem with what she's bringing forward, it's a motion of its own.

The Chair (Mr. Norm Miller): I will confer with the clerk to decide if this is in order or not as an amendment.

My advice from the clerk is that it is more a separate motion, so we'll deal with it as a separate motion.

Mrs. Liz Sandals: Just hang on to it?

The Chair (Mr. Norm Miller): Yes, we shall. We have Mr. Klees's motion. Any discussion on that motion? All in favour? It's passed, carried.

Okay, I think we have another Mr. Klees motion.

Mr. Frank Klees: This is a bit lengthy. Everyone has a copy of it, I'm assuming.

That the Standing Committee on Public Accounts, pursuant to standing order 110(b), whereby each committee shall have power to send for persons, papers and things, compel Mr. Alfred Apps to produce and table to

this committee forthwith all documents and materials referenced during his testimony under oath before this committee, including but not limited to the following documents, materials, papers and things related to his testimony:

(1) "a summary of my personal and professional background";

(2) "a detailed overview of the legal work I did in relation to Ornge";

(3) documents pertaining to how, when and what Mr. Apps was referring to when he said, "I was aware of the marketing services agreement with AgustaWestland";

(4) documents in Mr. Apps's possession, or his ability to possess, that prove or back up his assertion that the corporate structuring of Ornge "was a conventional, bankruptcy-remote, private equity, limited-partnership investment structure that those experienced in private equity investment would easily recognize and understand as commonplace";

(5) Any documents, briefings, notes, emails, logs and/or correspondence that support Mr. Apps's assertion that "the government was thoroughly informed in respect of this reorganization before it was completed" and any correspondence and/or responses and/or evidence that show the government's response had "raised no objections in respect of it";

(6) documents that support Mr. Apps's assertions when asked about Dr. Mazza's salary and/or loans where he said the "government was thoroughly, painstakingly and, in all cases, truthfully briefed in advance of Ornge taking any of these actions";

(7) detailed documents promised to be tabled by Mr. Apps when responding to questioning by the member from Bramalea-Gore-Malton, Mr. Jagmeet Singh:

"Mr. Jagmeet Singh: You indicated that you briefed the government and you were present during those briefings. Who did you brief and who was present?"

"Mr. Alfred Apps: I've got a detailed record of every briefing that I participated in.

"Mr. Jagmeet Singh: Would you be able to just—

"Mr. Alfred Apps: I can just give you a high-level overview, and if you want more detail, I'm happy to give it.

"Mr. Jagmeet Singh: Would you be able to table that detailed—

"Mr. Alfred Apps: Sure, I'm happy to table it."

Just very quickly, Mr. Chair, the reason for this is that Mr. Apps made it very clear that he had very detailed information. He did provide us with a summary, which we don't consider to be sufficient. We are looking forward to Mr. Apps following through on his commitment to provide us with those detailed records regarding every one of his meetings that he conducted with representatives of this government.

The Chair (Mr. Norm Miller): Mr. Zimmer.

Mr. David Zimmer: It might be, Mr. Klees, in answer to my question to Ms. Golding—she produced, you'll recall, what were effectively summaries of the billings. I said: Could she produce the detailed time

dockets? For the non-lawyers here, lawyers fill out a docket entry and they have to put in great detail in there: “Mr. Zimmer met with Mr. Klees on December 4 at such-and-such and we discussed this, that and the other thing.” It’s all there in great detail. Her answer was that she would take that up with her managing partner. Certainly, if they released those records, that would have everything and more in spades, right down to “we met for 27 minutes” or “we met for nine hours” or whatever, and the detail about it. So perhaps we should pursue that.

Mr. Frank Klees: Mr. Zimmer, I’m happy to have you pursue that. I know what I’m looking for through this motion—

The Chair (Mr. Norm Miller): Okay, and we have a minute left to discuss this, if we want to deal with it now. Any other further comments?

Mr. Frank Klees: I would hope you’d call the question, sir.

The Chair (Mr. Norm Miller): Okay. All in favour? Carried.

We are now going to leave the rest of the motions. We did get through a fair stack of them.

Mr. David Zimmer: Just following up on that, could I ask the—

Mrs. Liz Sandals: Could we do the others?

The Chair (Mr. Norm Miller): We’re out of time for more motions, but we will deal with them in order as time becomes available, so as we don’t get off our schedule. We have lots of witnesses—

Mr. David Zimmer: Not a motion, just to the clerk: If you could follow up with Ms. Golding and get an answer to her question—“I’ll check with my managing partner.” And then we’ll go from there.

The Clerk of the Committee (Mr. William Short): Yes.

The Chair (Mr. Norm Miller): Very well. The clerk will follow up on that, Mr. Zimmer.

INFRASTRUCTURE ONTARIO

The Chair (Mr. Norm Miller): Our next presenter is from Infrastructure Ontario. That’s Mary Lowe, executive vice-president, lending and new business. Welcome.

Ms. Mary Lowe: Is this where you want me to sit?

The Chair (Mr. Norm Miller): Yes, please. You’ve received the letter with advice on a witness coming before the committee?

1400

Ms. Mary Lowe: I did, thank you.

The Chair (Mr. Norm Miller): Very well. Our clerk will have an oath for you to swear.

The Clerk of the Committee (Mr. William Short): Ms. Lowe, you wanted to be affirmed, right?

Ms. Mary Lowe: Affirm, yes.

The Clerk of the Committee (Mr. William Short): Could you please raise your hand? Ms. Lowe, do you solemnly affirm that the evidence you shall give to this committee touching the subject of the present inquiry

shall be the truth, the whole truth and nothing but the truth?

Ms. Mary Lowe: Yes, I do.

The Clerk of the Committee (Mr. William Short): Thank you.

The Chair (Mr. Norm Miller): You have five minutes for an opening statement, and then the three parties will ask questions.

Ms. Mary Lowe: Thank you to everyone for the opportunity to appear before the committee. I also appreciate the time, Chair, that you’ve afforded me to provide some introductory comments.

In October 2009, I was asked to be the chief of staff to the Minister of Health and Long-Term Care. This is a position I held until February 2011, approximately 16 months.

The majority of my career has been spent in the public service. At the federal level, I worked in British Columbia in the British Columbia regional office for Industry Canada and the Canadian Food Inspection Agency. I also spent a few years in the private sector working on a large transit project in Vancouver. Prior to joining health—and currently, as the clerk mentioned—I worked for the provincial infrastructure agency. I’m responsible for managing a lending program which provides financing to municipalities and broader public sector organizations to enable them to borrow for their infrastructure needs.

As chief of staff at the Ministry of Health and Long-Term Care, my role was to manage the staff in the minister’s office, to liaise with ministry officials on legislative and policy issues, and to act as a representative for the minister to health stakeholders. During my 16 months at health, I was involved in a number of government files and policy initiatives. A priority was continuing to work with the hospital sector on the government’s wait times agenda.

Many pieces of legislation were introduced during that time. An early priority—in fact, in my first week—was acting on the H1N1 global challenge. Public health legislation was introduced during that time to increase the powers of the chief medical officer of health following that global outbreak in 2009. A safe narcotics act was introduced to provide tools to health practitioners to better track narcotic use across the province. Legislation related to quality health care was passed, changing how hospitals are compensated for the care they provide and to implement best practices in governance. The Broader Public Sector Accountability Act was also brought forward by Minister Matthews during the time that I worked for her. The minister was very keen—as I see some committee members here who sat on the all-party committee—to progress the mental health agenda, and that was certainly a big priority for our office during the time I acted as her chief of staff.

On the regulatory side, Minister Matthews also introduced changes to the way pharmacies are compensated and to generic drug prices. I personally was heavily involved in that exercise and in the discussions with pharmacy representatives, with generic drug manufac-

turers, along with seniors' groups, health advocates, insurance companies and other medical stakeholders. All of these initiatives had complex, often very difficult stakeholder relationships to work through. Minister Matthews was consistent about the need across the sector to find ways to improve the quality of care for Ontarians while strengthening accountability.

Minister Matthews had an activist agenda on a number of health fronts, including, as I said, improving the quality of health services, transparency and accountability in the system. The minister and our office worked hard to be available to meet with health stakeholders and health care workers in the system to better understand the complexities they dealt with on a day-to-day basis and where our intervention from a policy perspective might improve that.

I say all this to provide my perspective on the action taken while I was in her office to improve quality health care and also accountability, action which, in some cases, put the minister in a very public battle against well-resourced lobby efforts.

Speaking specifically about air ambulance services, I received two pieces of correspondence from the air ambulance organization: one was in December 2012 and the other was in January 2011. These were written descriptions of an initiative they wanted to undertake to expand their services. They were clear in the correspondence to point out that no public funds would be used for the effort, nor would there be any downside risk to the Ontario air ambulance system.

Knowing that further conversations were needed on this, I asked the ministry to follow up and include any other relevant ministries in a meeting. A meeting with officials from the air ambulance provider was set up in late January 2011, following the correspondence that was received. I did not attend that briefing.

The Auditor General has pointed out real problems at the agency. That information in the auditor's report was tabled after I left the ministry. As I understand, when these problems were brought forward, the minister acted on them.

Thank you for the opportunity to provide some comments, and I'd be pleased to answer any of your questions.

The Chair (Mr. Norm Miller): Thank you. It's time for the government to go first. Ms. Sandals?

Mrs. Liz Sandals: Thank you very much for providing that summary of what was going on at the ministry when you were there as chief of staff. Just refresh my memory: What years were you actually there?

Ms. Mary Lowe: Minister Matthews was appointed in early October 2009. I think I followed her about a week or two later, and then I left in February 2011. So I've been gone over a year.

Mrs. Liz Sandals: Okay, thank you very much. I would conclude from your remarks that if you were to summarize your responsibilities, the files that you were actively involved in were those which were ongoing policy issues or, in the case of H1N1, an ongoing health emergency.

Ms. Mary Lowe: Correct. Certainly H1N1 was a key component. There was legislation on quality health care and the safe narcotics act, and the pharmacy negotiations consumed a considerable amount of my time.

Mrs. Liz Sandals: So if we just go back to Ornge, then, you mentioned in your statement that you were not made aware of the problems at Ornge—or at least that's what I understood you to say—during your time as chief of staff. Just to get really specific, so it's clear, did you ever have any reason to meet with Chris Mazza during the time you were chief of staff?

Ms. Mary Lowe: No, I did not, and I did not meet with him.

Mrs. Liz Sandals: A similar question: Mr. Beltzner, the chair of the board?

Ms. Mary Lowe: I did not meet with him.

Mrs. Liz Sandals: Tom Lepine?

Ms. Mary Lowe: I did not meet with him.

Mrs. Liz Sandals: Have you ever received a tour of any of the Ornge facilities?

Ms. Mary Lowe: I have not.

Mrs. Liz Sandals: Have you ever had a conversation with Mr. Apps?

Ms. Mary Lowe: Mr. Apps sent me correspondence. I did not speak with him.

Mrs. Liz Sandals: And have you ever met or spoken to Don Guy in relation to Ornge? I mean, obviously, you may have had conversations with Mr. Guy about other things, but have you ever spoken to him about Ornge?

Ms. Mary Lowe: I had no discussions with Mr. Guy about air ambulance services or the Ornge agency.

Mrs. Liz Sandals: Okay, thank you very much. If we then go forward to January 2011—because, again, you mentioned that you did receive the email from Mr. Apps, along with a very long list of people—could you just remind us then, briefly, what the email was about?

Ms. Mary Lowe: Sure. So there were two pieces of correspondence. One was a letter that was to a number of different officials within government.

Mrs. Liz Sandals: Oh, okay.

Ms. Mary Lowe: And one was an email that I was copied on, requesting a meeting. That correspondence did come from Mr. Apps. With both pieces of correspondence, I forwarded it on to the ministry. I'd understood after reading it, after taking a review of the materials, that there would need to be further conversations on what was contained in the letters. I forwarded it on to the ministry and asked that they follow up with a meeting.

Mrs. Liz Sandals: Just so I can sort this out in my own mind, then: First of all, you got an email asking to have a meeting, which you forwarded to the ministry, and then you got the letter which was copied to the world, which you made sure was followed up on at the ministry or at least was sent on to the ministry for their action?

Ms. Mary Lowe: Correct. When the email was sent to me, I did follow up with the agency itself and asked them to contact the ministry directly, rather than through external counsel, to set up any further meetings.

Mrs. Liz Sandals: And just to be clear, when you had a look at the letter, it didn't raise any flags for you; it was one more piece in your in-basket?

1410

Ms. Mary Lowe: It was certainly detailed correspondence, and in my review of it, what I recall are some of the things they highlighted saying that no public funds would be used, that there would be no downside risk to air ambulance services. It was a comprehensive piece of information, and so I did know that further conversations were going to be needed on the initiative, and then I forwarded it on.

Mrs. Liz Sandals: Okay, thank you very much. You then, as you said, about a year ago, left as chief of staff. Do you mind sharing why?

Ms. Mary Lowe: Certainly. I don't think it's any surprise to any member in this House the kind of personal demands your positions place on your lives on a day-to-day basis. I have two young children who, during the 16 months—one was two at the time. It was a big sacrifice on their life and wasn't something, over the long term, that I was prepared to continue.

Mrs. Liz Sandals: And now that you've returned to Infrastructure Ontario, have you had anything at all to do with Ornge since you've gone to Infrastructure Ontario?

Ms. Mary Lowe: Nothing.

Mrs. Liz Sandals: Okay. Thank you very much. Thank you for your help.

The Chair (Mr. Norm Miller): We'll move, then, to the opposition. Mr. Klees?

Mr. Frank Klees: Thank you, Ms. Lowe.

You said that you received some correspondence from Dr. Mazza?

Ms. Mary Lowe: No, there was nothing—I don't recall if it was from Dr. Mazza, the letter. I recall that I had an email from Mr. Apps. There was another piece of correspondence; I don't recall who that was from. There was a letter that a number of us were copied on. I'm sorry; I don't remember who that was from.

Mr. Frank Klees: I'm quite sure that in response to the question that Ms. Sandals asked—if you had had any contact with Dr. Mazza—you said, "No, no contact, but I did receive correspondence from him."

Ms. Mary Lowe: Sorry, from the agency—

Mrs. Liz Sandals: That was Mr. Apps.

Mr. Frank Klees: Was it Mr. Apps?

Ms. Mary Lowe: My apologies. If that was what you said, I should affirm that I don't recall receiving any correspondence from Dr. Mazza. I never met with Dr. Mazza.

Mr. Frank Klees: Okay.

Mrs. Liz Sandals: And just a point of clarification: The letter we are talking about was the letter from Mr. Beltzner that the entire world was copied on.

Mr. Frank Klees: Okay. It's interesting that the entire world was copied on that letter and we can't find anybody who actually attended the—or read the letter.

Ms. Mary Lowe: So, I'm sorry, I did review the letter—

Mr. Frank Klees: Oh, you did? Okay.

Ms. Mary Lowe: —and I understood that there were a few things that were highlighted in the letter, including the fact that no public funds would be used. There were attestations in there about third parties. I cannot recall who those third parties were who looked at it. It was one of the big five accounting firms that I remember in my mind. But I did know at the time that there needed to be further conversations on the information being presented.

This was in January 2011. At the time, I forwarded it to the ministry and asked them to follow up with a briefing. I did not attend that briefing. Then I did leave the ministry in February 2011, so probably about two to three weeks after that correspondence was received.

Mr. Frank Klees: Okay. Any other correspondence that you might have received from anyone at Ornge, or consultants who may have contacted you regarding Ornge—do you recall receiving anything?

Ms. Mary Lowe: I do not.

Mr. Frank Klees: Okay. As chief of staff to the minister—it's a busy occupation—there's not very much that the chief of staff doesn't know about the minister, and the minister relies heavily on the chief of staff for information. Did you at any time have conversations, discussions, any meetings with the minister on the topic of Ornge?

Ms. Mary Lowe: When the correspondence was forwarded to us, I did not discuss the correspondence with the minister at the time. I had forwarded it on to the ministry for further follow-up and left the position. So those documents I didn't discuss with her.

When I first started—when the minister took office and when I first started in the office, we had received an introductory briefing on air ambulance services. There was nothing in that briefing that would have prompted a meeting or further follow-up, that signified any challenges or problems with air ambulance services in Ontario. Certainly, nothing that the auditor has since raised in his report—there was no information available, at the time that I was in her office, that was brought forward to suggest the kind of real challenges that the auditor pointed out in his report.

Mr. Frank Klees: You're now at Infrastructure Ontario?

Ms. Mary Lowe: That's correct.

Mr. Frank Klees: Are you familiar with the statement that Mr. Apps made about the folks over there in his testimony here? If not, I'll—

Ms. Mary Lowe: Would you mind repeating it?

Mr. Frank Klees: Sure. Here's what he said. In talking about Ornge, he first declared it a "great Ontario company," and he said, unfortunately—he essentially suggested that the public sector doesn't know anything about how to manage public-private partnerships. You know something about public-private partnerships. You're in the business of putting out billions of dollars through Infrastructure Ontario. What is your sense about the competency of the people at Infrastructure Ontario to, first of all, understand those funding mechanisms, and their ability to manage them and oversee them?

Ms. Mary Lowe: Infrastructure Ontario has four main business lines. The one that I am responsible for is the lending program. So we provide financing to public sector entities to leverage the province's borrowing rate. In fact, it was a program that was started by the previous government some 10 years ago.

Our business line that manages the alternative financing and procurement division, our major projects division—they manage the large infrastructure projects in Ontario and look at ways to better manage risk on construction projects. We take some of the province's largest infrastructure facilities and largest new construction facilities and try to ensure that taxpayers are getting the best value for that construction project.

Mr. Frank Klees: Here's what he said: "... fundamental absence within parts of the public sector of the required skill set and competence in commercial and legal matters to properly understand and manage public-private partnerships." It's somewhat sobering to think that someone as well-versed with financing models would give us that comment about the people in our public sector. In terms of your ministry, was this something that hit the radar, Mr. Apps's comments?

Ms. Mary Lowe: Sorry, I'm not sure I understand your question. At Infrastructure Ontario? In my position now at Infrastructure Ontario or at the Ministry of Health?

Mr. Frank Klees: At Infrastructure Ontario. That's where you are now. This comment was just made last week. Was Mr. Apps's comment discussed in your office or anywhere?

Ms. Mary Lowe: It was not discussed by me. Infrastructure Ontario is an agency. We are not in the Queen's Park precinct, so, as an example, no staff in our office have access to these committee proceedings. So someone would have had to look up Hansard to read the committee proceedings. I certainly read the committee proceedings from last week, knowing that I would be called here today, but I can't speak to if any of my colleagues have read it. I know they wouldn't have access to the TV proceedings in the building where we're located.

Mr. Frank Klees: How do you think they'd feel about it?

The Chair (Mr. Norm Miller): You have 30 seconds, Mr. Klees.

Mr. Frank Klees: How do you think they'd feel about that comment, coming from Mr. Apps?

Ms. Mary Lowe: Our clients are ministries of the Ontario public service, and every day we meet with and work with very smart people in the public service, in order to work with them, understand what type of performance they need out of the facilities that we are being asked to build. I would disagree with his comments. The public service works hard—very smart people who are dedicated to the job that they do and the trust that they're given to deliver on their responsibilities.

Mr. Frank Klees: Thank you.

The Chair (Mr. Norm Miller): Thank you. We'll move to the NDP. Ms. Gélinas.

M^{me} France Gélinas: Thank you. You're about to go through a little bit of a memory test. Apparently it's good for Alzheimer's also, but we'll see how it goes.

Ms. Mary Lowe: I'll do my best.

M^{me} France Gélinas: You had just started at the time. It was in October 2009 and estimates were going on. If I recall, I kind of remember you being there, but here again, we're both testing our memories.

Estimates was health estimates. The Minister of Health was brand new also, but she attended the estimates nevertheless and tried her best to answer what she could and had a roomful of people helping her.

1420

In that period of estimates in October 2009, we—as in, the NDP—spent an entire afternoon asking questions about Ornge. In October 2009, we already had been flagged that things were going on at Ornge that in the inner circle we would say did not pass the smell test. There were decisions that were being made at Ornge at the time that had raised red flags for people.

I'm usually the health critic. I'm usually the one who would have asked the questions, but I was subbed in. My leader at the time was Howard Hampton. Howard Hampton was subbed in and he's the one who took the entire afternoon of our estimates time to ask questions about Ornge—a total of 42 questions. Substantial questions were asked that the minister, being brand new, could not answer, but promised that she would get the answers.

Following, when the estimates period was done, the clerk wrote to the minister, wrote to the deputy minister and asked for those outstanding questions to be answered. Those questions were never answered.

My question to you is—you were in the minister's office at the time: Were you made aware that they were outstanding questions about Ornge that some of the staff needed to answer?

Ms. Mary Lowe: I don't recall. I definitely was not at the October 2009 estimates. I don't recall those estimates. I do recall the following-year estimates, but there was no information brought forward to me on the October 2009 estimates. I do recall the following year's estimates, but not—

M^{me} France Gélinas: You're right; it is 2010. My mistake. You're right. It's 2010. See, it was a test of memory. You passed.

Ms. Mary Lowe: At first when you said "estimates," I'm sure I wasn't there. I did not attend the—was it October? Anyway—

M^{me} France Gélinas: October-November 2010.

Ms. Mary Lowe: October-November 2010: I remember those estimates. I remember that there were a number of questions brought forward from your colleague at the time. I was told at the time that they were being followed up on, that there were a number of questions not just from you but that a number had been read into the record at the end of the committee hearing one day, that the ministry was following up on them, not just about air ambulance services but other policy initiatives within the

ministry. When I left in February, I don't recall those questions, nor the answers being brought to me before I left the ministry.

M^{me} France Gélinas: So you're pretty sure that people within your ministry knew that there were outstanding questions and that somebody should answer them?

Ms. Mary Lowe: When I left, they were being worked on.

M^{me} France Gélinas: They were being worked on.

Ms. Mary Lowe: Correct.

M^{me} France Gélinas: Okay. Are you surprised to find out that actually those questions were answered in 2012 after we had already started, etc., etc? Are you surprised that although those questions were being worked on, we never got any answers?

Ms. Mary Lowe: I was not aware. As I said, I left in February 2011, and it is unfortunate that those were not answered.

M^{me} France Gélinas: Okay. Who was the director of EMS when you were at the Ministry of Health?

Ms. Mary Lowe: The director—I apologize. I'm not sure if he was director, but the assistant deputy minister was Patricia Li at the time, and I think Malcolm Bates was the director or the manager. I'm not positive what his title is, but those are the people who had provided the introductory briefing to me.

M^{me} France Gélinas: Okay. Those are the people who would have been tasked with answering questions about outstanding estimates questions about Ornge and about air ambulance?

Ms. Mary Lowe: That would be my safe assumption, yes.

M^{me} France Gélinas: Okay. Well, just so that you know, anyway, the answers never came.

Mr. Jagmeet Singh: Just some quick questions for you. Were you aware of a letter in 2008 from Keith Walmsley and a subsequent interview that took place with ministry officials regarding some of the things that were going on at Ornge, including the fact that there were private shell companies being used to hide Mr. Mazza's salary?

Ms. Mary Lowe: No, I was not. Sorry, you said 2008?

Mr. Jagmeet Singh: That's right.

Ms. Mary Lowe: That was prior to my time there, so, no, that was not something I recall being brought to my attention.

Mr. Jagmeet Singh: Fair enough. In terms of the ministry's ability to oversee or to control or to have any ability to impact the way Ornge conducted its affairs, would you agree with the comment that the ministry did have sufficient tools in place to have oversight over Ornge?

Ms. Mary Lowe: Having the benefit of reading the auditor's report—and I had the opportunity to meet with the auditor and with the minister many times on previous reports—the type of information on the real challenges at that agency that were released as part of his report are

incredibly troubling. Minister Matthews—her directions to me on a number of fronts were to ensure accountability and transparency and the best in quality care. Had that information been available to us, it was something we would have acted on.

There was other information brought forward on other initiatives. Pharmacy compensation is a great example of one that I said in my introductory comments, where there was not transparency in how compensation was being managed for pharmacy services in Ontario. That was an initiative we moved forward on in a very public way with a lot of real relationship challenges with the industry on that.

In my entire 16 months of working there, I don't recall any instances where Minister Matthews received information that she didn't act on. So had that information been brought to our attention, I know we would have acted on it.

As I've had the hindsight of the auditor's report and the information provided in it, as all of you members are here—the amount of time the government is spending on this, it is troubling.

Mr. Jagmeet Singh: Just in terms of the powers—

The Chair (Mr. Norm Miller): You have about 30 seconds.

Mr. Jagmeet Singh: Sure. Just in terms of the powers that did exist with the performance agreement, would you agree with me that the ministry did have sufficient tools to oversee Ornge and to make decisions in terms of the way patient care was being conducted or any of those issues?

Ms. Mary Lowe: I can't speak to, did I know what tools were in place? What I can say is that had that information been made available to us, had we known the types of issues that the Auditor General brought forward, we would have acted on them.

The Chair (Mr. Norm Miller): Thank you very much for coming before the committee today. We appreciate it.

Ms. Mary Lowe: Thank you very much.

INFRASTRUCTURE ONTARIO

The Chair (Mr. Norm Miller): Our last presenter today is from Infrastructure Ontario: David Livingston, president and chief executive officer. Welcome. You've received the letter with information about presenting to the committee?

Mr. David Livingston: I received a letter that I was invited, yes.

The Chair (Mr. Norm Miller): Very well. We have an oath to swear.

The Clerk of the Committee (Mr. William Short): If you just want to raise your hand. Mr. Livingston, do you solemnly affirm that the evidence you shall give to this committee touching the subject of the present inquiry shall be the truth, the whole truth and nothing but the truth?

Mr. David Livingston: I do.

The Clerk of the Committee (Mr. William Short): Thank you.

The Chair (Mr. Norm Miller): Thank you. You have five minutes for an opening statement—then questions from the parties.

Mr. David Livingston: I thought what might be a little bit helpful was to talk about Infrastructure Ontario and talk about what we do, and then try to offer some insight into why I've been invited to speak today and to answer questions.

Infrastructure Ontario was created in 2005, as an agency of the government, to build infrastructure. We had a long list of projects, mostly hospitals. We were doing some courthouses and some roads. I think the government's view, when we were created, was that it wanted to try to take advantage of private sector practices around construction. It wanted to transfer risk to the private sector to get things built, and it felt that it was best able to do that by having an agency that was dedicated to the task of building these things.

It was very clear from the creation of Infrastructure Ontario that we weren't going to be involved in deciding what the government should be investing its infrastructure dollars in. That was the government's prerogative. Once these things got decided, then it was our job to make them happen as best as we possibly could.

We established—I think it's by legislation, but it's at the very least by practice—a process whereby we work on that which the government assigns to us. So if we're building a hospital, then the Minister of Infrastructure will send us a letter saying, "Build this hospital. Here's the budget that you have to work within," and it's our job, then, to execute it against that budget. If we're building a road, then they would come from the Minister of Transportation to the Minister of Infrastructure, who would then assign it to us. So there was a very established protocol that we worked on that which we were told to work on, and they were all infrastructure-related.

1430

As time evolved and the nature of the projects that we had evolved, we started dealing with more ministries, so we have now broadened the infrastructure program. I would say that in the early days, it was probably 70% hospitals. More recently, it has moved into—we're doing more roads; we're starting to do some transit and some other kinds of things. It's just that I think the nature of the portfolio has changed, but the nature of what we do has not, which is, we still build that which the government tells us to build.

A year ago, a decision was made to merge Infrastructure Ontario with the Ontario Realty Corp. At that time, then, our responsibilities broadened to also include that which ORC used to do on its own, which included developing properties, selling properties, occasionally buying properties and essentially acting as a landlord for the public service, the people who work in the public service, and all the lands and buildings associated with it. So we broadened ourselves from being an infrastructure organization to one that manages property and manages buildings that the government owns.

However, the process and the practice are still the same. We do what we're directed to do. We have a very well-established protocol that says that we're not policy-makers. We don't initiate what gets done; we just make sure that what gets decided to do, we do it well. So there's a very clear distinction between people who set policy and people who execute, and we're on the execution side of things. We make stuff happen.

I think that our track record has been reasonably good, and because it's reasonably good, whenever there are infrastructure dollars around, it gets assigned to us and it's our job to bring them in. If I can just give a slight commercial for us, I think we've had 55 projects; I think we're 55-0 in terms of being on-budget. So this model has worked well.

With all of that as context: I know lots of lawyers; I know lots of construction people; I know lots of bankers. These are all people who are in and around what we do all the time. One of the lawyers who I know is Alf Apps. At some point along the line, among other things we've discussed, he did mention Ornge to me. He was the one who initiated the conversation. It wasn't obvious to me why this would ever be an infrastructure project that the government was ever going to assign to us, so I frankly didn't pay that much attention to what he was saying or what he was talking about. It was not something that was going to get assigned to Infrastructure Ontario and it was never suggested to me or proposed that this would be a project that would be assigned to us. It didn't look like something that we would be building, so there was no reason for me to engage in the conversation.

Then somewhere along the line, I think it was in January a year ago, when the letter that was sent from, I guess, the chair of Ornge to the minister, Minister Matthews—I got copied on the letter, and I'm presuming that I got copied on the letter because Alf asked them to copy me on the letter.

I have a couple of filters when I look at things. First thing, that it's not addressed to me—that's one filter—it doesn't get that much attention. If it's addressed to me and they get my name wrong, I'd probably look at it even less. If they get my name wrong and my title wrong, then I really look at it a lot less. There was not much about this that would suggest that I should read a 40- or 50-page letter on which I was c.c.'d.

I don't mean to be evasive and I don't mean to be blasé about something that's obviously important, but I just didn't spend much time on this file or much time on this effort because it wasn't something that I was directed to do, didn't look like I was going to be directed to do, or that really had anything to do with Infrastructure Ontario or what we did as a business for the government.

The Chair (Mr. Norm Miller): If we can move to questions now.

Mr. David Livingston: That would be my pleasure.

The Chair (Mr. Norm Miller): Very well. The opposition gets to ask the questions first. Mr. Klees.

Mr. Frank Klees: Thank you for joining us. We're still searching for someone who actually read that letter that they were copied on.

I imagine they got your name as well as your title wrong on that letter.

Mr. David Livingston: The title for sure was wrong. I don't remember whether the name was wrong or not.

Mr. Frank Klees: All right. So what you're telling us is that you know Mr. Apps casually?

Mr. David Livingston: Right—well, professionally, I would say.

Mr. Frank Klees: Did you at any time have any discussion with Mr. Apps about Ornge? Any aspect of it, and let me say specifically any of the financing structure: Did he ever seek your advice on it?

Mr. David Livingston: So, as I said in my remarks, I certainly recall Alf raising Ornge. I really don't know—I just don't know enough about it. I don't recall what we talked about. I don't recall spending a lot of time on it. So I can't honestly tell you what was the nature of the conversation. If he raised it, it didn't stick with me because there was no reason for it to stick with me.

Mr. Frank Klees: The reason that I would think that Mr. Apps may want to initiate a conversation with you is because when we look at what they did at Ornge in terms of doing their raising of money—through a bond offering—it seems there are some parallels between what Infrastructure Ontario is doing and what they ultimately did.

Correct me if I'm wrong, but essentially what Mr. Apps structured, along with his financial advisers, is a \$275-million bond offering. They brought in Standard and Poor's to provide the credit rating, which I understand it, at the initial blush was AA-, which is a pretty strong rating.

My understanding of reading the offering memorandum is, that in large part, that rating was directly related to the Ontario government and the fact that the Ontario government stands behind Ornge. Essentially, it's a monopoly ambulance service, and there's a significant annual cash flow into Ornge. At the end of the day, the market really does look to the provincial government as the guarantor. Whether you say that directly, indirectly, it would be the Ontario government that gives traction to that bond rating that Standard and Poor's was able to assign. Would you agree with that?

Mr. David Livingston: So, I frankly have no idea. On the projects—the way Infrastructure Ontario works, we don't do the financing on the projects that we do. The way our process works is that we run an RFQ. From that RFQ we pick—not pick; there's a process we go through to get three bidders. It's the responsibility of the three bidders to then arrange the financing. What they do is, they go to the capital markets, they go to the equity markets, they go to their own various advisers, and they put together structures that involve different sorts of security arrangements. They're the ones that get the facility rated. It's not really something that we do, so I'm not sure what the parallel would be between whatever Ornge was thinking about and how we work.

Mr. Frank Klees: Well, let me try this: Your third party entity to whom you've awarded the contract goes to

the market and raises funds. I'm sure you're familiar with the offering memorandums that those third parties would be using in the market to raise their bonds. In those offering memorandums, is there a reference to the fact that this is an Ontario government program and that it is the Ontario government that is funding the project?

Mr. David Livingston: It would certainly be noted in those documents that we're the take-out on the bond, but there would be a lot of other stuff in there about how much equity they put in, what their security arrangements are. These would not be documents, frankly, that I would spend that much time personally looking at. I'm giving you a pretty high-level view of what the structure would be. All I would say is, I think it's more complicated than just it's this and it's that and the result is a certain credit rating.

1440

Mr. Frank Klees: While you're here, what would the typical equity participation be of a project of a company, be that the general contractor or whoever you award the contract to?

Mr. David Livingston: So, again, I don't want to be evasive. It will depend a lot on who the contractor is, the size of the project, the nature of the project, whether or not we have revenue risks, whether we transfer revenue risk in the project or do not transfer the revenue risk. The size of the equity would vary a lot and there would be a lot of variables, so I'm not sure I can give you a—

Mr. Frank Klees: Is there a minimum equity participation that you require?

Mr. David Livingston: Not established by us. It would be established by the bankers—

Mr. Frank Klees: So it would be possible that one of your infrastructure projects could be 100% financed.

Mr. David Livingston: I think it unlikely.

Mr. Frank Klees: But it's possible.

Mr. David Livingston: I guess. As I'm answering the question, I'm trying to think about whether I can think of one that would have been 100% financed, and it doesn't come immediately to mind.

The Chair (Mr. Norm Miller): You have a couple of minutes, Mr. Klees.

Mr. Frank Klees: Okay. Did you know what your friend Mr. Apps said about folks in the government of Ontario and their understanding of public-private partnerships?

Mr. David Livingston: No.

Mr. Frank Klees: Well, let me—this will make your day. He said, "... fundamental absence within parts of the public sector of the required skill set and competence in commercial and legal matters to properly understand and manage public-private partnerships."

So he's essentially saying that folks in the public sector know very little about the complexity of these arrangements.

Mr. David Livingston: I'd like to suggest that I think we know a little bit about them. Everybody's got a view—

Mr. Frank Klees: You disagree with Mr. Apps?

Mr. David Livingston: Again, he's entitled to his opinion. I think we have a pretty good track record at delivering projects using AFP, which is the Ontario program for transferring risk to the private sector, alternative financing and procurement. We've got a well-established track record of bringing projects in on time and on budget. The market seems to like them; they come to us regularly. I think that speaks for itself.

Mr. Frank Klees: Don't feel too badly, by the way, because he wasn't very complimentary of the Auditor General either, so you're in good company.

Interjections.

Mr. David Livingston: Jim and I are in the same boat. I think we're in good shape.

Mr. Frank Klees: Thank you.

The Chair (Mr. Norm Miller): We'll move to the NDP, then. France?

M^{me} France G  linas: So what are your—not personal, but your relationship with Mr. Apps. When do you ever deal with him?

Mr. David Livingston: Honestly, I know tons of people that I would talk to all the time, and I've always found Alf to be—he's got good ideas; he's a smart guy. So things would come up. There's no particular reason why I would call him; there's no particular reason why he would call me. I talk to him like I talk to lots of people.

M^{me} France G  linas: When was the last time you did talk to him?

Mr. David Livingston: I'd be hard-pressed to think that it was—it was about a year ago, probably, around all the time that this was going on.

M^{me} France G  linas: Okay. Do you remember if it was a phone call, email, or you saw him? Where was it? When was it?

Mr. David Livingston: I've certainly seen him. I don't recall—I mean, I've certainly had phone conversations with him; I've certainly seen him. I don't recall whether there was any email traffic on any topic.

M^{me} France G  linas: So the last time you talked to him, was it over the phone? Was it in person?

Mr. David Livingston: Gee, I really don't remember. I don't know.

M^{me} France G  linas: Okay. But how long have you known him for?

Mr. David Livingston: Years.

M^{me} France G  linas: Years. Only through Infrastructure Ontario, or from before?

Mr. David Livingston: I think so. In getting ready for this, I was trying to remember if I knew him from my banking days, and I don't remember whether I knew him or not. We dealt with Fasken as a firm a lot when I was at TD, so it's entirely possible I met him beforehand, but the conversations I recall are since Infrastructure Ontario.

M^{me} France G  linas: Okay. In some of the projects that you bring forward, do you look at the corporate structure of those projects? Do you solely deal with not-for-profit corporations, or—

Mr. David Livingston: Well, in the work that we do, the bidders, these are all very for-profit corporations, so their structures matter a lot. But most of what they do are project financing deals and so, as I said, they arrange the financing themselves. So the structure that they would put together is really up to them, and how much, whether they try and do it as a project finance, whether they're behind it, is really up to them and their lenders.

M^{me} France G  linas: So you remember the letter, you remember not looking at it, and you remember thinking, "This is none of my business."

Mr. David Livingston: Pretty much.

M^{me} France G  linas: You got named because you knew Mr. Apps and he said, "Include this person."

Mr. David Livingston: I'm presuming that was the case.

M^{me} France G  linas: And nobody from Ornge, nobody from his firm, nobody else ever tried to make sure that you attended a briefing?

Mr. David Livingston: I know nobody at Ornge. I've never had a contact with them, nobody else at the firm, no.

M^{me} France G  linas: Nobody from Infrastructure Ontario attended a briefing with Ornge or for Ornge?

Mr. David Livingston: No, certainly not to my knowledge.

M^{me} France G  linas: None of the above? Okay.

Do you want to go?

Mr. Jagmeet Singh: I just want to put to you a scenario, if you can comment, perhaps, on the way Ornge was conducting its affairs, that essentially a public institution, publicly funded, was filtering or funnelling some of its publicly derived income or funds into for-profit, in a schema that was quite complex. If you had seen that or if you'd been briefed on that, what would your reaction be?

Mr. David Livingston: That seems like an incredibly speculative question. If somebody came to me and said, "This company is breaking the law," or something like that was happening, I would do something about it. But to comment otherwise, I would have to know a lot more about what was going on and what was involved. So I just don't know.

Mr. Jagmeet Singh: That's fair. What if it came to your attention that, due to a corporate change or a change in the structure, salaries that were once publicly disclosed were then hidden? Would that raise a flag, in your experience or in your opinion?

Mr. David Livingston: I don't have any experience with that at all. It has not happened in anything that I've ever touched, so I just don't know.

Mr. Jagmeet Singh: Okay. In terms of your personal background—sorry, your background with Infrastructure Ontario—and communications with Alfred Apps, is there any contact you had with Ornge whatsoever?

Mr. David Livingston: No.

Mr. Jagmeet Singh: I have no further questions.

The Chair (Mr. Norm Miller): Very well. The government members?

Mrs. Liz Sandals: Yes. It's delightful to see you, but I think you've just said you had nothing to do with Ornge, so, I'm sorry, I have no questions.

We actually have a few motions to deal with, Chair, so I would suggest we do that.

Thank you very much for coming.

The Chair (Mr. Norm Miller): Thank you for your testimony, and thanks for coming before the committee.

Mr. David Livingston: My pleasure. Thanks for having me.

The Chair (Mr. Norm Miller): How much time do we have? We have 10 minutes. May I suggest, then, that the one time-sensitive motion we have is the one that you just proposed, to do with Mr. Mitchell. Maybe we could deal with that one first.

Mrs. Liz Sandals: If I may, I'll move that: that Kelly Mitchell be compelled to produce and table with the committee, no later than Monday, April 30, 2012, all written records, including but not limited to billing statements, invoices, emails, correspondence and notes relating to Pathway Group's work for Ornge and/or Ontario's air ambulance service.

The Chair (Mr. Norm Miller): Any discussion? All in favour?

M^{me} France Gélinas: Chair?

The Chair (Mr. Norm Miller): Sorry.

M^{me} France Gélinas: I do have discussion.

The Chair (Mr. Norm Miller): Okay, yes.

M^{me} France Gélinas: I don't know this person or whatever, but I know that this is April 25, and that means, really, two opening days for him—it's a him? Him or he, whatever. Kelly—is it a him?

The Chair (Mr. Norm Miller): It's a male.

M^{me} France Gélinas: It's a male? Okay.

The Chair (Mr. Norm Miller): He's a male.

M^{me} France Gélinas: This man will have two days to do this. I fully agree with the intent of it. I would be willing—if he needs a few more days to get that together, I would much rather that he fully comply with what we ask him than he rush through.

I fully support what the member is trying to do. I'm just conscious of the time. It is now 3 o'clock on the 25th. On the weekend, his firm will be closed, just like everybody else. I'm guessing that the poor secretary who will photocopy all this is allowed the days off, just like everybody else. It's kind of short, isn't it?

Interjection: Yes, it is.

The Chair (Mr. Norm Miller): Good point. Any comments from you, Liz?

Mrs. Liz Sandals: I'm just thinking here. Can we take out—I'm going to change it, and I can't do it grammatically, quite, as it is. If you delete "no later than Monday, April blah-blah-blah," so that it will read "compelled to produce and table with the committee all written records," and then we'll add a clause "and that in so far as possible that the records be produced by Monday, April 30."

1450

Interjection.

Mrs. Liz Sandals: Do you have a better wording for that, that says, "Please give us what we can get as quickly as possible"?

Mr. David Zimmer: Well, you don't want to say, "as soon as possible" or "in so far as possible." You've got to have some end thing to it. It has to have a reasonable time, and there's got to be an end point.

Mrs. Liz Sandals: Yes, but that's what I was going to say: "that in so far as possible that the records be produced by Monday, April 30." And if he says it's not possible, then we'll have to deal with him when he appears as a witness. He'll be here next week.

The Chair (Mr. Norm Miller): Did you get all that, clerk?

The Clerk of the Committee (Mr. William Short): Kind of.

The Chair (Mr. Norm Miller): I did. So you've added on to it, "in so far as possible that the records be produced by April 30" and you struck out "no later than Monday, April 30, 2012."

Mrs. Liz Sandals: Yes. That provides some flexibility for—

The Chair (Mr. Norm Miller): Okay. Everybody understand that? Any discussion? All in favour, as amended? Agreed? Carried.

We have a little bit of time left. Mr. Klees, you have a motion?

Mr. Frank Klees: Yes, I do, if I can find it, Chair. Which one are we on?

The Chair (Mr. Norm Miller): It's something about authorization of the House leaders.

Mr. Frank Klees: I'll read this, then, Chair: that the Standing Committee on Public Accounts ("the committee") formally seek the authorization of the House leaders for each of the recognized political parties in the Legislative Assembly of Ontario so as to permit the committee to sit and call witnesses during the May 2012 break week, during the week of May 21-25, 2012, and that the committee be permitted to sit for up to three full days so that the committee may continue its debate and inquiry into the 2012 special report of the Auditor General of Ontario on Ornge air ambulance and related services.

The reason I'm tabling this now: The last time that we wanted to sit during a break week, the House leaders said there wasn't enough time. We are running out of time. We only have five weeks left—five days left, basically—before we break for the summer. We have many witnesses to hear from, and I think we need to focus on this.

The Chair (Mr. Norm Miller): Is there other comment on this motion?

Mr. David Zimmer: Is that constituency week?

The Chair (Mr. Norm Miller): It is constituency week. Mr. Leal?

Mr. Jeff Leal: As part of the House leaders' meetings that I tend to on Thursday—this would be something that the House leader for the Progressive Conservative Party could put on the agenda for tomorrow's House leaders' meeting, and we could have an ample discussion there.

That would be the correct way, Mr. Chair, I think, of handling this particular item.

Mr. Frank Klees: Mr. Chair, I think it's important for this committee to demonstrate its intent to sit, and that's why the motion is there. I would ask you to call the question on it.

Mr. Jeff Leal: Let me interject, Mr. Chair.

The Chair (Mr. Norm Miller): Go ahead, Mr. Leal.

Mr. Jeff Leal: There's a variety of requests right now from a whole variety of committees who want to, perhaps, sit during the May break week and into June. I think it would be respectful of the House leaders' committee that meets on Thursdays—that we have the opportunity to look at all these requests that are coming forward. That's the appropriate mechanism to deal with this.

Mr. Frank Klees: Mr. Leal is being less than forthcoming. He knows full well—

Mr. Jeff Leal: Oh, no, you're not questioning my integrity, Frank.

Mr. Frank Klees: He knows full well that in the House leaders' meeting yesterday—

Mr. Jeff Leal: No, no, you're not questioning my integrity, Frank.

The Chair (Mr. Norm Miller): Okay, if we could be civil.

Mr. Frank Klees: —the reason that he's not prepared to accept that the committee sit is because there has been no request from the committee. This will be the request from the committee, so Mr. Milloy will not have an excuse.

The Chair (Mr. Norm Miller): The committee can make a decision on this issue. Is there any further comment? I'll wait for Mr. Zimmer to get back to his chair. Is there any further comment? Okay. Those in favour? Those opposed? Carried.

I think we're just about out of time. Thank you very much to all the committee members for your participation today. Adjourned.

The committee adjourned at 1456.

CONTENTS

Wednesday 25 April 2012

Special report, Auditor General: Ornge Air Ambulance and Related Services.....	P-117
Ornge.....	P-117
Dr. Barry McLellan	
Ministry of Finance.....	P-122
Mr. Tim Shortill	
Ministry of Health and Long-Term Care	P-126
Ms. Carole McKeogh	
Mr. Rainer Beltzner.....	P-131
Fasken Martineau DuMoulin, LLP	P-136
Ms. Lynne Golding	
Infrastructure Ontario.....	P-145
Ms. Mary Lowe	
Infrastructure Ontario.....	P-149
Mr. David Livingston	

STANDING COMMITTEE ON PUBLIC ACCOUNTS

Chair / Président

Mr. Norm Miller (Parry Sound–Muskoka PC)

Vice-Chair / Vice-Président

Mr. Toby Barrett (Haldimand–Norfolk PC)

Mr. Toby Barrett (Haldimand–Norfolk PC)

M^{me} France Gélinas (Nickel Belt ND)

Mr. Phil McNeely (Ottawa–Orléans L)

Mr. Norm Miller (Parry Sound–Muskoka PC)

Mr. Reza Moridi (Richmond Hill L)

Mr. Jerry J. Ouellette (Oshawa PC)

Mrs. Liz Sandals (Guelph L)

Mr. Jagmeet Singh (Bramalea–Gore–Malton ND)

Mr. David Zimmer (Willowdale L)

Substitutions / Membres remplaçants

Mr. Frank Klees (Newmarket–Aurora PC)

Also taking part / Autres participants et participantes

Mr. Jeff Leal (Peterborough L)

Mr. Jerry J. Ouellette (Oshawa PC)

Ms. Catherine Beagan Flood, legal counsel

Mr. Jim McCarter, Auditor General

Clerk / Greffier

Mr. William Short

Staff / Personnel

Mr. Ray McLellan, research officer,
Legislative Research Service

20N
C21
P72

Gover
Public

P-8



P-8

ISSN 1180-4327

Legislative Assembly of Ontario

First Session, 40th Parliament

Assemblée législative de l'Ontario

Première session, 40^e législature

Official Report of Debates (Hansard)

Wednesday 2 May 2012

Journal des débats (Hansard)

Mercredi 2 mai 2012

Standing Committee on Public Accounts

Special report, Auditor General:
Ornge Air Ambulance and
Related Services

Comité permanent des comptes publics

Rapport spécial, vérificateur
général : Services d'ambulance
aérienne et services connexes
d'Ornge



Chair: Norm Miller
Clerk: William Short

Président : Norm Miller
Greffier : William Short

Hansard on the Internet

Hansard and other documents of the Legislative Assembly can be on your personal computer within hours after each sitting. The address is:

<http://www.ontla.on.ca/>

Index inquiries

Reference to a cumulative index of previous issues may be obtained by calling the Hansard Reporting Service indexing staff at 416-325-7410 or 325-3708.

Le Journal des débats sur Internet

L'adresse pour faire paraître sur votre ordinateur personnel le Journal et d'autres documents de l'Assemblée législative en quelques heures seulement après la séance est :

Renseignements sur l'index

Adressez vos questions portant sur des numéros précédents du Journal des débats au personnel de l'index, qui vous fourniront des références aux pages dans l'index cumulatif, en composant le 416-325-7410 ou le 325-3708.

Hansard Reporting and Interpretation Services
Room 500, West Wing, Legislative Building
111 Wellesley Street West, Queen's Park
Toronto ON M7A 1A2
Telephone 416-325-7400; fax 416-325-7430
Published by the Legislative Assembly of Ontario



Service du Journal des débats et d'interprétation
Salle 500, aile ouest, Édifice du Parlement
111, rue Wellesley ouest, Queen's Park
Toronto ON M7A 1A2
Téléphone, 416-325-7400; télécopieur, 416-325-7430
Publié par l'Assemblée législative de l'Ontario

LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
PUBLIC ACCOUNTSCOMITÉ PERMANENT DES
COMPTES PUBLICS

Wednesday 2 May 2012

Mercredi 2 mai 2012

The committee met at 0819 in room 151.

SUBCOMMITTEE REPORT

The Chair (Mr. Norm Miller): Okay, I'll call this meeting to order. I believe we have a subcommittee report to deal with first and then a number of motions. Our first presenter is to be at 8:45, so at that point, if we can, even if we're not done our motions, move to presenters that would be good.

Mrs. Liz Sandals: Okay. I was just trying to find the subcommittee report here amongst all the paper. So, you would like me to read this?

The Chair (Mr. Norm Miller): Yes, please.

Mrs. Liz Sandals: Your subcommittee met on Monday, April 30, 2012, to consider the method of proceeding on the 2012 Special Report of the Office of the Auditor General on Ornge Air Ambulance and Related Services, and recommends the following:

(1) That the clerk of the committee contact Roger Yachetti to follow up with the Speaker's warrant relating to Dr. Chris Mazza.

(2) That the clerk of the committee revise the public hearing schedule for Wednesday, May 2, 2012, to remove Mr. Skanda Skanthavarathan and Mr. Flavio Volpe; to schedule Mr. Steve Farquhar from 12:30 p.m. to 2 p.m.; and to add Ms. Kelly Long from 2 p.m. to 2:30 p.m.

(3) That the committee clerk, in consultation with the Chair, be authorized, prior to the adoption of the report of the subcommittee, to commence making any preliminary arrangements necessary to facilitate the committee's proceedings.

The Chair (Mr. Norm Miller): Any debate? All in agreement? Carried.

SPECIAL REPORT, AUDITOR GENERAL:
ORNGE AIR AMBULANCE
AND RELATED SERVICES

The Chair (Mr. Norm Miller): Then I guess we're going to start on some motions.

Mr. Frank Klees: Chair, I'm not sure what you have in mind in terms of the order of these. If I might, given the circumstances relating to the motion that I have—if members would agree that we could deal with that as a first item.

Mrs. Liz Sandals: I thought we had agreed that we would deal with the witness motions first.

The Chair (Mr. Norm Miller): If there's not agreement for Mr. Klees's idea, then we'll start with the oldest witness motion and work our way up in historic order.

The first one would be from Mr. Klees. Do you have that motion?

Mr. Frank Klees: Which one do you want to deal with?

The Chair (Mr. Norm Miller): It was tabled April 25, and it's a motion to the Standing Committee on Public Accounts.

Mr. Frank Klees: The appraisal?

The Chair (Mr. Norm Miller): The appraisal.

Mr. Frank Klees: I move that the Standing Committee on Public Accounts direct the clerk to call representatives from the appraisal firm that were involved in the appraisal of the Ornge headquarters as well as other assets related to any security agreement.

The Chair (Mr. Norm Miller): Any discussion? All in favour? Carried.

The next one is also one of your motions, Mr. Klees, that was tabled April 25, to do with Toronto Dominion Bank.

Mr. Frank Klees: I move that the Standing Committee on Public Accounts direct the clerk to call representatives from the underwriting firms (Toronto Dominion Bank and Scotiabank) that were involved in the underwriting of the Ornge debt instruments.

The Chair (Mr. Norm Miller): Any discussion? All in favour? Carried.

The next one is another motion from Mr. Klees to do with Standard and Poor's.

Mr. Frank Klees: I move that the Standing Committee on Public Accounts direct the clerk to call representatives from the rating agency (Standard and Poor's) who were involved in the rating of the bond issue by Ornge.

The Chair (Mr. Norm Miller): Any discussion? All in favour? Carried.

The next motion here is from Mr. Klees, to do with the months of June, July and August.

Mr. Frank Klees: I move that the Standing Committee on Public Accounts ("the committee") formally seek the authorization of the House leaders for each of the recognized political parties in the Legislative Assembly of Ontario so as to permit the committee to sit and

call witnesses at its pleasure during the weeks in which the House is not sitting in June, July and August of 2012 so that the committee may continue its debate and inquiry into the 2012 special report of the Auditor General of Ontario on Ornge Air Ambulance and Related Services.

Chair, if I might, I would be willing to withdraw this, depending on what happens, obviously, on the motion that I have before the committee to expand the mandate of the committee, which I believe would give us this authorization.

The Chair (Mr. Norm Miller): Okay. Well, why don't we just hold on to that one—

Mr. Frank Klees: We could just set this aside.

The Chair (Mr. Norm Miller): —set that aside.

Interjection.

The Chair (Mr. Norm Miller): We can still deal with this. Your other motion that is still to come would trump this one.

Mr. Frank Klees: Fair enough.

The Chair (Mr. Norm Miller): Any comment? All in favour?

Mrs. Liz Sandals: Of what? Deferring?

The Chair (Mr. Norm Miller): No, of voting on this motion.

Mrs. Liz Sandals: Oh, of voting on the motion. Okay.

The Chair (Mr. Norm Miller): Yes. Opposed? Carried.

The next one, Mr. Klees, is to do with an analysis prepared by MOHLTC.

Mr. Frank Klees: I move that the Standing Committee on Public Accounts, pursuant to standing order 110(b), whereby each committee shall have power to send for persons, papers and things, request a copy of the report or analysis carried out by the Ministry of Health and Long-Term Care with respect to a proposal submitted by Ornge on or about January 2011.

The Chair (Mr. Norm Miller): Any discussion on this motion? All in favour? Carried.

The next motion is one by Mr. Klees to do with Tom Rothfels and John MacKenzie. Mr. Klees?

Mr. Frank Klees: Yes, and if I could have a copy of that, please.

I move that the Standing Committee on Public Accounts, pursuant to standing order 110(b), whereby each committee shall have power to send for persons, papers and things, call Tom Rothfels, former COO at Ornge, and John MacKenzie to testify before this committee.

The Chair (Mr. Norm Miller): Any discussion? All in favour? Carried.

The next motion is one tabled by Mr. Klees to do with Rhoda Beecher. Mr. Klees?

Mr. Frank Klees: I move that the Standing Committee on Public Accounts, pursuant to standing order 110(b), whereby each committee shall have power to send for persons, papers and things, call Rhoda Beecher to testify before this committee.

The Chair (Mr. Norm Miller): Any discussion? All in favour? Carried.

The next motion is one tabled by Mr. Klees to do with Robert Blakely.

Mr. Frank Klees: I move that the Standing Committee on Public Accounts, pursuant to standing order 110(b), whereby each committee shall have power to send for persons, papers and things, call Robert Blakely, vice-president and general manager, Canadian Helicopters Ltd., to testify before this committee.

The Chair (Mr. Norm Miller): Any discussion? All in favour? Carried.

The next motion is one by Mr. Klees to do with Ontario's Integrity Commissioner. Mr. Klees?

Mr. Frank Klees: I move that the Standing Committee on Public Accounts, pursuant to standing order 110(b), whereby each committee shall have power to send for persons, papers and things, call Lynn Morrison, Ontario's Integrity Commissioner, to testify before this committee.

The Chair (Mr. Norm Miller): Any discussion? All in favour? Carried.

Mrs. Liz Sandals: Chair?

The Chair (Mr. Norm Miller): Yes.

Mrs. Liz Sandals: Mr. Klees had a motion that he was going to table. You've got it there?

The Chair (Mr. Norm Miller): I think this may be the one.

Mrs. Liz Sandals: The one that has the committee requesting the clerk to—

The Chair (Mr. Norm Miller): Yes.

The Clerk of the Committee (Mr. William Short): I just didn't put it on everyone's desk because we needed all these ones to be done first.

Mrs. Liz Sandals: Yes. So if we could get that now?

The Clerk of the Committee (Mr. William Short): That's the one there.

Mr. Frank Klees: Oh, yes.

The Chair (Mr. Norm Miller): Mr. Klees.

Mr. Frank Klees: I move that the Standing Committee on Public Accounts request Ornge to provide the committee with the contact information for the following employees: Rick Potter, Tom Lepine, Maria Renzella, Cynthia Heinz, Randy L'Heureux, Rhoda Beecher and Tom Rothfels.

The Chair (Mr. Norm Miller): Any discussion? All in favour? Carried.

Mrs. Liz Sandals: Norm, if we could just note that our understanding is that, given that the committee has now officially asked the clerk to get the contact information from Ornge, they will now be able to provide us with any contact information they have for those people.

The Chair (Mr. Norm Miller): So noted.

Mr. Klees, you now have your motion to do with the terms of reference, I believe it is.

Mr. Frank Klees: Thank you, Chair.

I move that the Standing Committee on Public Accounts request that the House expand the mandate of the committee with respect to its investigation of the 2012 special report of the Office of the Auditor General

of Ontario on Ornge Air Ambulance and Related Services; and

0830

That the committee be additionally authorized to examine and make recommendations on:

(1) the extension of the Freedom of Information and Protection of Privacy Act to all aspects of Ornge;

(2) the extension of the Public Sector Salary Disclosure Act to all aspects of Ornge;

(3) Ornge being subject to the oversight of the Ombudsman;

(4) changes to accountability legislation in order to enhance compliance and enforcement, including whether sanctions should apply prospectively to current or former ministers, ministerial officials, political advisers, lobbyists, consultants, legal counsel and/or external parties; and

That the committee be authorized to meet at the call of the Chair;

That the committee may examine any other matter it deems relevant to its terms of reference; and

That the committee shall report, or if the House is not sitting, shall deposit with the Clerk of the House its report and recommendations as soon as reasonably possible at the conclusion of its investigation.

The Chair (Mr. Norm Miller): Any discussion?

Mr. Frank Klees: Chair, if I might?

The Chair (Mr. Norm Miller): Yes, please, Mr. Klees.

Mr. Frank Klees: Perhaps, just by way of explanation, I think that we've seen, over the last number of weeks since the committee has been sitting, that the very narrow scope within which this committee has been conducting its business has just not been conducive to us being able to adequately question witnesses. Even witnesses who have come forward—I think of Mr. Apps who, in his opening remarks, specifically said that it's difficult, within 30 minutes, to be able to adequately get to the facts of the matter in such an important and complex issue.

I think that there has been a lot of debate in the Legislature. We did have a vote in the Legislature that sent a very strong signal; it called on the government to strike a select committee of the Legislature on this issue. We had agreement from the Minister of Health that she would support that if it was the will of the Legislature. For whatever reasons, we have not been able to convince the government to give us that select committee.

There are still a number of witnesses who would like to come forward but are saying that they feel uncomfortable, given the scope of this committee and the limitations that are here in terms of protection for witnesses. As a result, we have some disruption—without question, we have some disruption in terms of how the business of the House is proceeding.

I believe that based on the comments of the government House leader in the Legislature last Thursday, in which he made it very clear, in response to our challenge about expanding the scope of the committee, that in his

opinion it's up to this committee to determine how we want to proceed with the business of this committee.

I'm taking him at his word, and I'm asking my colleagues in this committee to accept the terms of reference here, within the context of this committee. I'm very satisfied to continue to carry out the work that we have before us, within the context of the public accounts committee, assuming that we're willing to expand the scope as we put it forward.

I think that it should be perceived as a compromise situation that allows us to move forward. If that is the case, certainly, Chair, I can assure you and my colleagues with the government that if this is accepted, we will, in that case, ensure that whatever business is before the House will proceed according to schedule.

Mr. David Zimmer: What, no bells?

Mr. Frank Klees: No bells.

So I leave this with you, Chair, and hope that we can get the agreement of this committee to move forward and if, in fact, there is a motion required to allow us to move forward, that the government House leader and the opposition House leaders will agree, then, to move quickly to present that motion to the Legislature so that we can get on with the business that we know is so important.

The Chair (Mr. Norm Miller): Yes, Ms. Sandals.

Mrs. Liz Sandals: Actually, I'm quite surprised by the direction this motion has taken, because when we were discussing this at subcommittee, I think what Mr. Klees had said previously in the House was to get the committee to adopt the terms of reference which he had proposed originally for a select committee on Ornge—and what we were looking at on Monday, which were the proposed terms of reference for the select committee on Ornge and where we did actually make a few amendments because they didn't seem to make any sense, relevant to what we're doing here at public accounts.

But what has come back as the revised motion bears virtually zero resemblance to the original request for a select committee in the terms of reference that were in the original request for the select committee. The things that were laid out in the motion that you presented to the subcommittee the other day, Mr. Klees, has us examining a number of items that are very closely aligned with what we have been doing, reporting back on the things that we would almost inevitably report back on anyway, given the nature of the testimony that we've had. This seems to be quite a different change in direction.

In particular, I had suggested that if we were going to have a look at this, that we needed to have more direction to your very open-ended suggestion for expanding the dates. In fact, if anything, this has gotten more open-ended than the original timing to which I was objecting, because it's that the committee can be authorized to meet any time at the call of the Chair and examine anything that you would happen to want it to, which seems to me like hardly being terms of reference at all.

So I just put on the record that there are significant problems with the motion that has come back. The other motion had things in it that I thought were useful, but this

one has gotten way far away from where we started. I just put that on the record.

The Chair (Mr. Norm Miller): Thank you for that, France.

M^{me} France Gélinas: Two questions. The first one is, I'd like to have the opinion of the clerk or whoever knows those kinds of things: What we are adding, what Mr. Klees would like us to adopt, are powers that are not included right now within the public accounts' regular doing of business?

The Chair (Mr. Norm Miller): Will, would you like to make a comment?

The Clerk of the Committee (Mr. William Short): First of all, this is a recommendation to the House; it's not anything but that. So the House can do with it what it decides to do with it.

Second, with relation to Mr. Klees's original motion, about 80% of that stuff the committee can do on its own anyway, so it would have almost been redundant for us to put it in another motion, because then you're looking at it and moving a motion in committee asking the committee to do things that it can already do. So if it was voted down, then you would also be voting down stuff that the committee already had within its powers.

The motion that you're seeing in front of you today is outside of what the committee can already do, and that's why they're recommendations to the House—to have the House do with it what it sees fit to do.

M^{me} France Gélinas: All right. That makes it clear to me. That was my first point.

My second point is that I just want to make sure, because I also saw a difference from what was presented to what is presented now, although I understand better that what's presented now are things that we wouldn't be allowed to do unless we get permission. So that's fine, and it's in keeping, I would say, with the spirit of what we wanted the select committee to do.

One thing that was very important for me and that is not there anymore is, in my experience with public accounts, we have never sent out an open invitation for people to come. The reason I bring that forward is that I find the working of public accounts on this particular matter has been very adversarial. We treat everybody coming here as if they were a hostile witness. I've read some of the stuff that Mr. Zimmer wants to put forward, and it's all geared to people who don't want to be here.

In a select committee, you open the door. You let people come forward and bring forward ideas to make things better. I don't see this in our new terms of reference. Is it because it's already there and I didn't know?

0840

The Clerk of the Committee (Mr. William Short): That's correct. If the subcommittee wanted to get together or if the full committee wanted to agree to send out invitations or advertise wherever they wanted or let people know that the hearings were going on, any committee can do that. In fact, when you're doing public hearings on a bill, that happens on a regular basis. It's really up to how the committee wanted to move forward.

In this case, we drafted the original witness list, and we really haven't gone back to that original witness list. It has just been motions that have been coming before committee adding more witnesses to that initial list. If the subcommittee or the full committee wanted to have a discussion about that, that is completely within the powers of the Standing Committee on Public Accounts, under the terms of reference that we currently have.

M^{me} France Gélinas: What we are asking here, to me, is in keeping with what a select committee would have had the pleasure to do, if they so wished. So I think this is a step in the right direction: to respect the wish of the House that has voted on a motion that says that they wish for a select committee to handle this matter. I think this is a good compromise, and I thank you for clarifying that.

The Chair (Mr. Norm Miller): Mr. Klees.

Mr. Frank Klees: Chair, I want to make it very clear that what we have before us here by way of this motion is the result of consulting with the clerk, who I understand consulted with his colleagues at the table as well. We wanted something that would do what the intent was, and that was to expand the scope of the committee to give us, de facto, the same authority that we would have had under a separate select committee.

This does look different than the original motion that I put forward, and the reason is, as the clerk explained, many of the items that we had included in my original motion would have been redundant. It was the advice of the clerk to remove those from the motion. So I find it difficult—and likewise in terms of advertising for witnesses. We already have that authority, and that's why it's not in this motion.

What we have here is what we thought was, first of all, a response to the government House leader's very specific comments, both in and outside of the House last week, saying that he is leaving it up to this committee to determine how they want to conduct its business.

I just think that what we want to demonstrate to the government is that we're willing to work with them. What we will not do is compromise on what we believe is an effective way for us, and the only way for us, to get to the bottom of this. We want to do so efficiently, and we want the business of the House to carry on as well.

Chair, with that explanation, I would ask that you call the vote, and hopefully we can bring this matter—

The Chair (Mr. Norm Miller): Okay. I'm getting nods from the government side as well, so I assume that means we can have a vote.

All in favour? Opposed? Carried.

We are out of time for motions.

ORNGE

The Chair (Mr. Norm Miller): We have our first presenter here this morning, and that is Patricia Volker, board member of Ornge. Patricia, if you would come forward, please. Good morning.

Ms. Patricia Volker: Good morning.

The Chair (Mr. Norm Miller): Just to confirm, you have read the information for a witness coming before the committee?

Ms. Patricia Volker: Yes, I have.

The Chair (Mr. Norm Miller): Very well. Our clerk has an oath for you.

The Clerk of the Committee (Mr. William Short): You wanted to swear an oath; correct?

Ms. Patricia Volker: Yes.

The Clerk of the Committee (Mr. William Short): The Bible is in front of you there.

Ms. Volker, do you solemnly swear that the evidence you shall give to this committee touching the subject of the present inquiry shall be the truth, the whole truth and nothing but the truth, so help you God?

Ms. Patricia Volker: I do.

The Chair (Mr. Norm Miller): You have up to five minutes for an opening statement, and then there'll be questions by the parties.

Ms. Patricia Volker: I have an opening statement, with copies here.

Good morning. I want to thank the Standing Committee on Public Accounts for the opportunity to speak to you this morning. My name is Patricia Volker, and I am one of the new volunteer members on the Ornge board of directors. I am a chartered accountant and currently the director of public accounting with the Certified Management Accountants of Ontario. I have over 30 years of professional experience, including more than 10 years at the Institute of Chartered Accountants of Ontario, which is the self-regulating body for Ontario's chartered accountants. I held various positions there, including the director of standards enforcement.

Prior to the Institute of Chartered Accountants of Ontario, I acquired financial institution experience at the Bank of Montreal where I worked with the first group to operationally liaise with their wholly owned US subsidiary, Harris Bank. I then became a line banker and left the Bank of Montreal, with the responsibility for the personal and commercial operations of a number of branches and personnel in the west end. I obtained my CA while at Ernst and Young where I provided advice to primarily publicly traded clients and senior personnel on a variety of accounting, assurance and regulatory issues.

I continue to be a strong supporter of my professional and personal communities and was a member of the Canadian Institute of Chartered Accountants task force on the appropriate disclosed basis of accounting. I am an aviation enthusiast, a pilot and past president of the Canadian International Air Show, where I was also a board member for 10 years.

Prior to receiving my CA designation, I graduated from the University of Toronto with a bachelor of science degree in pharmacology and physiology.

I joined the Ornge board in January of this year, and I am the current chair of the finance and audit committee. The finance and audit committee of Ornge has responsibility for the overall financial oversight of the organization. The committee will recommend policies to the

board that maintain and improve the financial health and integrity of the organization, engage in long-range financial planning and monitor the financial performance of Ornge as a whole.

Ornge's annual audited financial statements will be reviewed and approved by the audit committee. The finance and audit committee is also responsible for both internal and external audit functions. The audit committee's mandate also requires the creation of a whistle-blowing policy, which is currently in development, and the committee will report to the board regularly on all of these issues.

I am committed to working with my fellow board members and the staff at Ornge to ensure we rebuild trust with all Ontarians and provide the highest-quality patient care. I am happy to take questions.

The Chair (Mr. Norm Miller): Thank you very much for that statement. The first round of questioning goes to the official opposition: Mr. Klees.

Mr. Frank Klees: Ms. Volker, thank you for your attendance here. I understand that your position on the board is a volunteer position. Is that right?

Ms. Patricia Volker: Yes, that is right.

Mr. Frank Klees: So there is no remuneration to you?

Ms. Patricia Volker: No.

Mr. Frank Klees: Why are you doing this?

Ms. Patricia Volker: I do believe in supporting community. I was involved with the Canadian International Air Show, which, the one year that I did check, I spent over 1,000 hours in a volunteer capacity, and I think that Ornge is a very worthy cause and that, from an Ontario perspective, we need to ensure that we're doing the right things for our constituents, and if we can do them fiscally prudently, that's a good thing too.

Mr. Frank Klees: Fiduciary responsibility is the primary responsibility of a director of any board of directors. Would you agree with that?

Ms. Patricia Volker: Yes, it certainly is.

Mr. Frank Klees: To whom are you responsible as a director?

Ms. Patricia Volker: As a director, I would consider my responsibility initially to the board chair, who would speak on behalf of the board. We are responsible, I believe, to the people of Ontario.

Mr. Frank Klees: You're familiar with the CV of the former chair of the board of directors of Ornge, Mr. Beltzner?

Ms. Patricia Volker: No, I am not.

Mr. Frank Klees: Have you familiarized yourself with any of the other board members who were there?

Ms. Patricia Volker: Of the previous board?

Mr. Frank Klees: Yes.

Ms. Patricia Volker: No, I have not.

Mr. Frank Klees: Can I ask—in your position as chair of the finance and audit committee, at the end of the day you will have responsibility to monitor and get to the bottom of issues that the Auditor General of Ontario had a very difficult time getting to—are you familiar with the

performance agreement and the standards that are set for Ornge?

Ms. Patricia Volker: I have read it. I cannot quote it to you, but I have read it, yes.

Mr. Frank Klees: Okay. Have you read the original agreement or the revised agreement?

0850

Ms. Patricia Volker: I have looked at both.

Mr. Frank Klees: When you read the original agreement, the some 15 pages of covenants that are there, the inspection responsibilities, the reporting responsibilities that Ornge had, would you say that the previous board failed in their responsibilities, in their fiduciary responsibilities?

Ms. Patricia Volker: I really have not spent any time looking back at what happened prior to the creation of this board, so I'm not in a position to answer that question.

Mr. Frank Klees: Have you read the Auditor General's report on Ornge?

Ms. Patricia Volker: Yes.

Mr. Frank Klees: That certainly is quite an in-depth analysis of what happened in the past. You didn't have to look any further than the Auditor General's report. Based just on that, and based on your knowledge of that former performance agreement, would you not agree that the former board failed miserably in their fiduciary responsibilities?

Ms. Patricia Volker: Well, I wouldn't disagree with the comments made in the Auditor General's report.

Mr. Frank Klees: You know, I'm not trying to be difficult. I am trying to get a sense of how important you feel the role of a director is, and I want to get to the heart of what you may think is different when it comes to fiduciary responsibility than the former board, who also was a CA, and I encourage you to look at his CV—members of many boards, many oversight committees of the chartered accountancy profession. He clearly had a very, very distorted view, in my opinion, of what fiduciary responsibility is. I'm hopeful that the new crop of directors at Ornge has a more clear view of fiduciary responsibility.

I'm just going to ask one more time: Based on what the Auditor General has very clearly told us about the direction that Ornge went, about the lack of oversight on the part of the board, the lack of responsibility and accountability, would you agree that the previous board failed in their fiduciary responsibilities?

Ms. Patricia Volker: I certainly agree with the comments that are made in the Auditor General's report, but I—

Mr. Frank Klees: This is disheartening.

Ms. Patricia Volker: I'm hesitant to say that only because I have no—based on the conclusions that were in the Auditor General's report, I can absolutely concur with your line of questioning, but I would like to think, perhaps giving the benefit to others in my profession, that the decisions that they perhaps made and that in their state of mind they believed were right—would I have

made those based on what I've seen in the Auditor General's report? No, and I'm not trying to hedge the question, but—

Mr. Frank Klees: Actually, you know, you are hedging the question, and here's what is disturbing to me about that. The board of directors should not be trying to defend the past. You shouldn't be trying, in my opinion, to defend past directors. I don't think it's your role to play interference on behalf of the government to protect either the minister or anyone else. I'm hoping that you accepted your appointment as a director for the sole purpose of helping to restore confidence in our air ambulance system and to provide proper oversight. I think in order to do that, it's important to know what went wrong so that you know what to fix.

The Chair (Mr. Norm Miller): You have two minutes left.

Ms. Patricia Volker: I would like to assure you that the reason that I am on this board, and I believe everyone is on this board, is for the sole purpose of making sure that the province of Ontario's patient needs are taken care of and their financial resources are used appropriately.

With respect to the actions of the past board, I'm just a little leery to comment as to why they did what they did, because I was not there. Perhaps that's the auditor in me. Unless I've seen something—I want to see before I can make a conclusion.

I can assure you that from my perspective, one might question some of the structuring and things that went on. If the true focus is to maintain patients' need at an efficient perspective, there are simple structures and there are more complex structures. We plan to follow a simple structure and make it easy for everyone who touches Ornge to know what it is we do and how we do it and why we do it.

Mr. Frank Klees: Thank you.

The Chair (Mr. Norm Miller): We'll move to the NDP: Ms. Gélinas.

M^{me} France Gélinas: I think Jagmeet is going to start.

The Chair (Mr. Norm Miller): Okay. Mr. Singh.

Mr. Jagmeet Singh: Good morning. Thank you for being here.

Ms. Patricia Volker: Good morning.

Mr. Jagmeet Singh: I just want to touch on that last line of answers that you provided. With respect to the corporate structure, were you exposed to or did you get a chance to look at the previous corporate structure, and are you aware of that?

Ms. Patricia Volker: I have seen charts that showed the structure, yes.

Mr. Jagmeet Singh: Just based on your experience as an auditor as well as a chartered accountant and your very extensive experience, in terms of a publicly funded institution that provides ambulance care, what's your opinion on the corporate structure and the way it was laid out?

Ms. Patricia Volker: Again, I'm a little reluctant to comment as to why things were done when I was not at the table when decisions were made from a structuring

perspective. If the question is, was this the most efficient and streamlined way to run the air ambulance service in the province of Ontario—because there is a flow chart, because there is a larger piece of paper, one would suggest no. There certainly were other activities that were being conducted, other than the direct provision of patient care.

Mr. Jagmeet Singh: With the current board, you indicated that there are different ways you can structure. There's a complex structure or there's a simple structure. You've indicated the board's desire—and let me just make sure that's correct. Is it the current board's desire to move towards a more simple structure in terms of the corporate layout?

Ms. Patricia Volker: Certainly, those steps are under way. Management has things in place. Certain of those entities no longer exist or are no longer financially viable, so they are being shut down, and we are trying to work with a simpler structure than we inherited.

Mr. Jagmeet Singh: Is the plan to do away with all for-profit entities, or will there be some for-profit entities in Ornge?

Ms. Patricia Volker: I believe that we have, currently, our entities that hold the licences for the fixed-wing and the rotor-wing in two separate companies, which I believe are for-profit companies.

Mr. Jagmeet Singh: Were you aware of the fact that there were some funds that had been unallocated, or, probably more accurately, they're missing funds that the Auditor General was unable to locate where they were? Are you aware of those funds, and are you taking any steps to find out where they are?

Ms. Patricia Volker: Certainly, I'm conscious of the comments that were in the report. Since we started at the end of January, our committee has recommended and completed a request for proposal, where we have engaged a new firm of external auditors, and that is certainly one of the things that I expect to discuss with them, and I'm waiting for their full report they started yesterday.

Mr. Jagmeet Singh: Ensuring that Ornge is transparent by allowing our freedom-of-information request regarding salary disclosure, as well as allowing the Ombudsman to have access to oversight of Ornge—what's your opinion on those two pieces?

Ms. Patricia Volker: I'm not familiar with the specific requirements for the freedom-of-information or Ombudsman requests, so I'm not in a position to comment, but certainly as an entity that is using provincial funds on behalf of the taxpayers, that's what I mean by transparency. To the extent that we do things with Ontarians' money, they should know about it.

The Chair (Mr. Norm Miller): Ms. Gélinas.

M^{me} France Gélinas: You ended your written statement by saying, "I am committed to working with my fellow board members and the staff at Ornge to ensure we rebuild trust with all Ontarians and provide the highest-quality patient care." What leads you to believe that trust has been lost? You are an auditor; you need

proof before you make statements. What is some of the proof that led you to put that statement down?

Ms. Patricia Volker: I think it's safe to say that if one is in the Toronto area reading the papers, the press coverage of Ornge in the last few months has been other than positive, for valid reasons, and part of that is what I think causes the general Ontarian to go, "What are we getting for the money that is being allocated to Ornge?" So there is a lack of trust. One reads the paper and sees salaries that are clearly higher than the norm being paid to people and that, I think, makes people question how efficient the previous entity was and if they were really focused on delivering patient care.

0900

M^{me} France Gélinas: So how do you intend to rebuild that trust?

Ms. Patricia Volker: I believe it will be a slow process. You can't turn it around overnight. Certainly getting the right people in the right spots in management, and making sure that there is a culture internally is an important piece of it, as is, I believe, developing a functioning whistle-blowing policy, which our committee has taken on as the challenge.

It will take some time, but the employees and the folks who work at Ornge I've had the privilege to meet are dedicated, they are knowledgeable and they want to continue to do what they do. But they really would like to read some more positive things in the press, rather than the negative. It will take time, but I know we can get there.

The Chair (Mr. Norm Miller): You have two minutes.

M^{me} France Gélinas: So in your role on the board, you still feel confident that you know the people who are doing the operating side? Do you know that they are competent? Usually, the governance and the operation are separated. But you have this assurance that those people are good?

Ms. Patricia Volker: I've had the opportunity to meet some of them. Not that I could tell you, but just in conversation they are dedicated and they truly believe in the service that they provide to the province of Ontario. We have a human resources committee. We have a quality of care committee—and I know you've spoken to him. All of the board members want to make sure that we, as a board, are involved with an entity where every piece is working as well as it can.

M^{me} France Gélinas: How do you communicate with the ministry?

Ms. Patricia Volker: I do not personally communicate with the ministry. My belief is that the chair communicates with the ministry, and management. It would not be appropriate, I don't believe, for me to report.

M^{me} France Gélinas: Okay. Do you know if reporting happens monthly or happens as needed?

Ms. Patricia Volker: I don't know if there's an official timetable.

M^{me} France Gélinas: So the board was never asked to report back to the ministry on anything occurring, any of

its doings, or anything like this? The ministry is letting you go and do your own work?

Ms. Patricia Volker: No, I believe the chair has some reporting relationship, but I don't know the specifics.

M^{me} France G  linas: It has not been shared with the board that the board has to report back to the ministry on the changes that are being done? So this has nothing—

Ms. Patricia Volker: Certainly management is doing that as well through the performance agreement and making sure that those targets are met.

M^{me} France G  linas: But there's nothing in there regarding the governance reporting back to the ministry?

Ms. Patricia Volker: I don't recall.

M^{me} France G  linas: It has not been shared with you?

Ms. Patricia Volker: I don't recall. Sorry.

The Chair (Mr. Norm Miller): And you are out of time. So if we could move to the government, who in the government would like to do the questioning? Mr. Moridi?

Mr. Reza Moridi: Thank you very much, Mr. Chair, and thank you, Ms. Volker, for taking the time and appearing before this committee.

Ms. Volker, you're a respected and highly regarded accountant. When you were appointed to the board of Ornge, what was your impression of the former board of governors and the governance at Ornge, in particular when it relates to the financial accounting at Ornge?

Ms. Patricia Volker: As mentioned, I have not spent more than a moment in looking backwards, because we, as a board and as a committee, have had enough on our plate in looking forward. Knowing that with the March year-end we would be looking at the financial statements as a whole with new external auditors, I'm really waiting to see their conclusions and deal with everything as it pertains to the audited financial statements for the year ending March 31.

I personally have not gone back and looked at any single transactions or the historical financial statements. We, as a committee, have been focused on moving forward—so putting the audit up for tender, developing a whistle-blowing policy and ensuring that we have a mandate that is appropriate on a go-forward basis.

Mr. Bas Balkissoon: Would you think that looking back to the history, one can learn for the future?

Ms. Patricia Volker: Absolutely, and I do look forward to looking at the history for this last 12 months, which certainly have been a period of change, in its entirety and in discussion with the external auditors.

Mr. Reza Moridi: I understand, Ms. Volker, that you have some experience as a pilot and also in aeronautics. How would you think that your experience in those fields will be helpful to carry on your job at Ornge? Would you think that particular area of experience and expertise would be helpful to Ornge?

Ms. Patricia Volker: Minimally. My plane is not in the same league as the assets held by Ornge. I do own an air ambulance, but it's from 1942. Certainly, I'm sitting

on this board with my CA hat on and not my pilot headset.

Mr. Reza Moridi: As you know, the board has enormous responsibility. Every board has lots of responsibilities—as a director sitting on the board of a corporation. Given the Ornge situation, what steps is the board going to take to make sure that there will be more effective control in the spending of public dollars at Ornge?

Ms. Patricia Volker: Certainly, the corporate structure will be streamlined, as it has been. The profit/not-for-profit splits that used to exist no longer exist.

Ornge has not had, to date, an internal audit function, and that is something that we are in the process of changing. I think it's our committee's responsibility to ensure that we do have an internal control mandate and that we do have the right person spearheading that. And the controls are more than just financial. The controls relate to every aspect of the organization—maintenance records, all sorts of things.

I think it's important that everyone at Ornge understands that an entity has risk and we need to identify those risks as it pertains to every area within the company and make sure the controls are in place and are working.

Mr. Reza Moridi: As you know, the government has signed a new performance agreement with Ornge. We had one in the past which wasn't effective; we have a new one. How do you think that this new performance agreement with Ornge is going to increase the government's oversight and also the relationship between Ornge and the government?

Ms. Patricia Volker: Speaking as a member of the new board, we are conscious of what that new performance agreement contains, and we will do our best to ensure that we adhere to each and every aspect within the agreement. There are some tight things within that agreement. There's a significant amount of disclosure that needs to be made within a relatively short time frame, and I know that management and the board are committed to trying to do that.

Mr. Reza Moridi: Would you think that this new performance agreement with Ornge is going to strengthen the financial reporting by Ornge to the ministry?

Ms. Patricia Volker: I don't think the timing of the reporting was an issue so much as what was being reported, because of the various accounting things that were being dealt with. What I think we're looking towards is making sure that we meet the timing and that we have a simple structure that's easy to understand.

Mr. Reza Moridi: In terms of accountability and transparency of Ornge, how do you think this new performance agreement will affect those two processes in relation to the ministry?

Ms. Patricia Volker: I believe the performance agreement—and I'd have to look at it and go through it line by line—was designed with the intent of providing the ministry with information that both parties felt was required and including content that was appropriate and on a timely basis.

The Chair (Mr. Norm Miller): You have two minutes left.

Mr. Reza Moridi: Thank you. In the past, Ms. Volker, the data which Ornge reported to the government and to the ministry, in some cases, wasn't accurate. Would you think that based, again, on this new performance agreement between the government and Ornge—how the transfer of data and reporting will be affected by this new performance agreement?

0910

Ms. Patricia Volker: Again, I can't comment on inaccuracies in the past, but what I would hope is that, on a go-forward basis from a financial perspective, we have designed systems that make sure that we, as Ornge management and as Ornge board, have the right information, in the right timeline, that we can make our decisions with, and one of those would be to share it with the ministry. I'm not sure if that's answering your question.

Mr. Reza Moridi: What would you think your role is as a member of the board in relation to the operational matters of Ornge and also on reporting to the government on accountability and transparency?

Ms. Patricia Volker: From an operational—

Mr. Reza Moridi: Yes, your role as a board member.

Ms. Patricia Volker: Sorry. As to the role of the—

Mr. Reza Moridi: How would you see your role as a board member at Ornge in terms of transparency and accountability of this organization?

Ms. Patricia Volker: Again, as mentioned, I believe that one of the things that we need to do as a board and as management is make sure that there is open dialogue between Ornge, the entity, and our funder, the Ministry of Health. Some of that comes through the performance agreement, with mandated checks and balances for financial and operational data. We as a board need to make sure that those systems are in place to get that information to management, because they need to make the decisions, and also to the ministry.

The Chair (Mr. Norm Miller): We are out of time. Thank you very much for coming before the committee today and presenting.

Ms. Patricia Volker: Thank you

MR. DAVID CAPLAN

The Chair (Mr. Norm Miller): And our next presenter is Mr. David Caplan from Global Public Affairs. Welcome.

Mr. David Caplan: Thank you, Mr. Chair.

The Chair (Mr. Norm Miller): And just to confirm that you've read the information, the letter for a witness appearing before the committee?

Mr. David Caplan: Yes.

The Chair (Mr. Norm Miller): Very good. Then our clerk has an oath.

The Clerk of the Committee (Mr. William Short): The Bible's in front of you there, Mr. Caplan. Do you solemnly swear that the evidence you shall give to this committee touching the subject of the present inquiry

shall be truth, the whole truth and nothing but the truth, so help you God?

Mr. David Caplan: I do.

The Clerk of the Committee (Mr. William Short): Thank you.

The Chair (Mr. Norm Miller): You have five minutes for an opening presentation, and then we'll go to questions.

Mr. David Caplan: Thank you, Mr. Chair. I may go a little bit over, but I'd like to complete my statement.

The Chair (Mr. Norm Miller): Sure.

Mr. David Caplan: Thank you very much. I'm here today, and I'm pleased to attend hearings and answer any questions you may have.

I'd like to take the opportunity to give you some context and clarity about my role as MPP for Don Valley East for 14 years, my role as Minister of Public Infrastructure Renewal and as Minister of Health and Long-Term Care.

I've been involved in politics since my earliest memories. I have campaign stories, insights into government and even a scar or two. I also have lifelong friends from all walks of life and from parties on all sides of the House. Having served as deputy House leader and deputy whip, I respect the traditions and roles of all parties in serving the people of Ontario.

From the beginning of my time in politics, I've learned from example that the role of elected officials is to serve and represent the public interest, not personal interests, not corporate interests, but the interests of all constituents, indeed all Ontarians. I've kept that lesson in mind throughout my career as an MPP and as a cabinet minister.

In opposition, I knew full well that my job was to hold the government to account. I understand that that is the role of many of you on this committee, and I commend you for it.

As Minister of Public Infrastructure Renewal, I'm proud of my accomplishments. I was able to plan, manage and deliver the construction of hospitals, schools, courthouses, transit, indeed a renaissance of construction that has touched every corner of our province. I led the creation of a progressive and coordinated growth plan, garnering international attention and support. I was involved in creating innovative initiatives like Ontario's deposit-return system for beverage alcohol.

I had the privilege to serve as Minister of Health and Long-Term Care from the end of June 2008 until the beginning of October 2009. I was responsible for overseeing a ministry with a budget of almost \$47 billion, over a quarter of a million direct and indirect dedicated health care workers, over 5,000 agencies, boards, commissions, transfer payments partners and contractors.

During my brief time as minister, I introduced and passed expanded scope-of-practice legislation, supported by all parties; legislation to protect the public by expanding the powers of the College of Physicians and Surgeons of Ontario, supported and passed by all parties; steps toward badly needed reform of our mental health

system and introduced legislation that, while it did not pass, was supported by all parties. I introduced Canada's first system for tracking and lowering hospital-acquired infection. I led our efforts to prepare for the H1N1 pandemic. I negotiated a widely supported collective agreement with Ontario's physicians, to name a few highlights.

Now, I anticipate you have some questions regarding one of those transfer payment agencies, Ornge, so let me be clear on a few issues.

When I became minister, I took the opportunity to review the 2007 Auditor General's report; in it, Mr. McCarter dedicated a section to Ornge. It was a follow-up to his 2005 annual review which looked at Ontario's air ambulance services. The report states: "Responsibility for coordinating all aspects of Ontario's air ambulance system was transferred to Ornge (formerly the Ontario Air Ambulance Services Co.), a non-profit body accountable to the government through a performance agreement. The transfer was completed in January 2006...." The report went on to outline a number of operational ways that Ornge could be improved, including decisions on cancelling calls, operator service reviews, location of air bases and aircraft, lines of authority, patient billings and an integration of air information systems. Nowhere in the Auditor General's 2007 report were concerns raised about Ornge's then non-profit status or its corporate structure, nor about its performance agreement with the ministry.

During my time as Minister of Health and Long-Term Care, I met with Ornge CEO Dr. Chris Mazza on one occasion in 2008. I do not recall who else was present, but I am certain that members of my staff and ministry staff were there too. We were, of course, focused on discussing Ornge's operational issues. For example, Ornge indicated that it had taken the 2007 report to heart and had implemented or was implementing all of the recommendations. At no time before, during or after that meeting were issues discussed about Ornge's plans to develop for-profit entities, nor were there discussions around executive compensation. During my 15 months as Minister of Health and Long-Term Care, I was never approached by anyone either at Ornge, in the ministry, in the media, by the opposition, or anyone else, for that matter, indicating those kinds of concerns about Ornge.

I have reviewed the Auditor General's 2012 special report on Ornge Air Ambulance and Related Services and want to bring to your attention a few issues regarding oversight of Ornge.

The report confirms that, one, monitoring of Ornge's performance occurred both in appearances before the Standing Committee on Public Accounts and in submissions to the Management Board of Cabinet for approval to outsource air ambulance services. The ministry committed to establishing performance standards and monitoring the performance of an external service provider against those standards. In outlining its plans for Ornge to the Standing Committee on Public Accounts in February 2006, the ministry committed to set standards

and monitor performance against those standards to ensure that, "The end result will be improved care, improved ... service, increasing effectiveness and efficiency of the delivery of service, and the assurance of greater fiscal and medical accountability." However, the auditor notes that the corporate entities created by Ornge and signed off by its board were not covered by the performance agreement.

Secondly, in 2008 the ministry contracted, through its internal auditor, to have a special review done to determine whether Ornge was complying with several aspects of the performance agreement and had adequate administrative processes in place. The review covered the period from Ornge's commencement of air ambulance operation to November 2008. It focused on the 12-month period ending March 31, 2008. The results were issued in September 2010, after I served as Minister of Health. One of the outcomes of the review was that the ministry needed to obtain more comfort regarding Ornge's corporate structure and its impact on delivery of air ambulance service in Ontario.

I want to bring this to your attention because I want to set the record straight that, to my knowledge, the Ministry of Health and Long-Term Care was providing oversight of Ornge during the period that I was there.

What went wrong with Ornge and who was responsible—

The Chair (Mr. Norm Miller): If you could wrap up. We're a couple of minutes overdue.

Mr. David Caplan: I'm just at the end here.

What went wrong with Ornge and who was responsible is certainly the purview of this committee.

I believe Ornge can best be described as a rogue agency. The Ornge management quietly attempted to restructure the not-for-profit Ornge into a for-profit corporate entity that would serve their interests and obscure the lines of accountability and the flow of money. The board of directors became complicit with Ornge management in making this happen. I believe that both management and the board of directors of Ornge failed in serving the interests of the people of Ontario.

The auditor's March 2012 report indicated that between 2006 and 2010, Ornge began creating a number of organizations, and the boards of directors of these organizations were composed entirely of the individuals who comprised Ornge's board.

The report goes on to say that by 2011, almost all of Ornge's senior management became employees of the new for-profit international business. Directors were hired as consultants. Ornge spent millions of dollars paying lawyers and consultants to paper these arrangements over.

0920

I'm not pleased at all with what went on at Ornge. However, I can state categorically that during my time as minister, I did not see these kinds of red flags.

Mr. Chair, I'm now very happy to answer your questions.

The Chair (Mr. Norm Miller): Thank you for your opening statement. We go to the NDP to begin with. France, are you going to go first?

M^{me} France G  linas: Nice to see you, David. How are you?

Mr. David Caplan: Nice to see you, France.

M^{me} France G  linas: The first question I'd like to ask you has to do with your time as minister. The salary of Chris Mazza disappeared from the sunshine list while you were Minister of Health. The NDP filed a freedom-of-information with your ministry, asking what had happened to Chris Mazza's salary. Were you ever made aware of the freedom-of-information and that we were looking for his salary?

Mr. David Caplan: No. Freedom-of-information requests go through the process where there is a freedom-of-information officer. And I can tell you that at the Ministry of Health, there are a large number of freedom-of-information requests. None of them are ever shared with the minister. It would go through an administrative process that is set out in the act, and the answers are provided. Now, when the answer is generated, it is supposed to be shared with us so that we do know, but not anytime before or during that process.

M^{me} France G  linas: So was the answer shared with you? The answer we received was received during your time in office.

Mr. David Caplan: Well, I don't recall ever seeing the reply or the answer to that question. I must admit that I tried to review back on the 2009 list. At the time, nobody in the ministry, nobody in the media, nobody in the opposition pointed out that there was this glaring omission. What we did notice was that there were a large number of individuals who were on the sunshine list, and we weren't really looking for people who were not.

M^{me} France G  linas: Well, the answer we received was that none of the information could be shared with us; a number of documents had been found regarding his salary and that none of it could be shared with us.

There were a number of people who had been doing air ambulance services in northern Ontario who were quite worried about what was going on at Ornge. They wrote to you, and actually, Michael Gravelle, who was MPP for Thunder Bay-Superior North and is now a minister, also wrote to you about this. They were worried about what Ornge was doing, and they respectfully requested an investigation of what was going on. Did you ever talk to Michael Gravelle about his worry about what was going on at Ornge while you were minister?

Mr. David Caplan: I don't recall any conversation with Minister Gravelle about Ornge.

M^{me} France G  linas: You don't recall anything about Ornge?

Mr. David Caplan: Not a conversation with Minister Gravelle around Ornge.

M^{me} France G  linas: Okay. How about the northern air providers who were raising a red flag about what was going on in the corporate structure?

Mr. David Caplan: In their letter, they don't raise any questions around that. They raised questions around the fact that they were operating and consolidating operations in northern Ontario, and in their words, they were saying "competing with their for-profit business."

M^{me} France G  linas: Did you talk to them?

Mr. David Caplan: No, we never had a meeting with any of the air transport providers in northern Ontario. I did reply via letter to tell them that Ornge had been set up under the act and the way that things had moved along—

M^{me} France G  linas: I have seen the letter.

Mr. David Caplan:—that it was not a direct service provided by the Ministry of Health, and that, appropriately, the concerns they had around the business of Ornge and the competition they saw with themselves—

M^{me} France G  linas: Okay. I'd like to go back. I read the letter, so I know what you're saying.

Mr. David Caplan: I just wanted, you know, to share with you what my reply was.

M^{me} France G  linas: The previous minister was here—Minister Smitherman came. He basically said, when he learned about the \$1.4-million compensation, that it didn't happen during his time, because you took it on in June 2008, so the salary disappeared under your term. Basically, he pointed the finger at you, saying that the minister did not do his job, the ministry did not do their job and it would not have happened under his watch, blaming you that it happened under your watch. What do you make of that?

Mr. David Caplan: Well, listen, Mr. Smitherman will answer however he does. What I can tell you is that no one, whether it was the ministry, whether it was the media or the opposition, noticed this at all. It did not raise a particular concern and it did not appear that anything untoward happened.

I did meet, as I had mentioned, with CEO Chris Mazza once in 2008. The issue of executive compensation never came up. We talked about the operational issues.

M^{me} France G  linas: Do you figure that \$1.4 million would have raised red flags? Do you figure that that could have been appropriate if you were still minister?

Mr. David Caplan: If somebody were to know. So I do know, for example, where we have—

M^{me} France G  linas: You know now that it's \$1.4 million. Do you figure this is an acceptable salary?

Mr. David Caplan: Let me put it this way: I was responsible for setting up enterprise corporations for the Ontario government and I do know the salary range of the executives and they were less than a third of that kind of salary figure. So it would have been highly unusual and it would have raised a number of concerns, whether that was the time in finding the CEO of the Ontario Realty Corp., the liquor control board, OLG, IO. They would all be in that kind of range, so the level that you're talking about would be highly unusual and would stand out.

M^{me} France G  linas: Okay. So when you were Minister of Health, you were forced to resign over eHealth. You did not create the mess at eHealth, you inherited it.

The same thing is happening now. The minister who is in place did not create the mess at Ornge but she is the one who is there now, she is the one responsible.

You did the honourable thing. You admitted that what had gone on at eHealth was unacceptable; that we had to show leadership and we had to show that confidence had to be rebuilt in eHealth. In order to do this, you did the honourable thing: You resigned in a show to acknowledge the scandal that had been there and the willingness of the government to turn the page.

We are now facing a scandal that is bigger than what we saw at eHealth, that has ramifications as to how the government does business that are way worse than what we saw at eHealth. Do you figure the current minister should do the same thing that you did, have the same courage that you had, to show Ontarians that the page needs to be turned, and resign?

Mr. David Caplan: I don't think that's a question that I can really answer. That's—

The Chair (Mr. Norm Miller): You're on your last minute.

Mr. David Caplan: I'm here to talk about my time as minister, what I knew or didn't know about Ornge. The kind of consideration that you're asking about, France, is I think a question that is best appropriately put to the minister or to the Premier.

I always discharge my duties, as I talked about, with the way and the values that I was raised and the reason that I feel that public service is important. Everybody has to govern their own behaviours and carry themselves accordingly.

I really do believe that kind of question, Mr. Chair, is best put to the minister herself or the Premier for an answer.

M^{me} France G  linas: Just one quick—

The Chair (Mr. Norm Miller): And we are out of time, so we'll move to the government now. Mr. McNeely?

Mr. Phil McNeely: Thank you, Mr. Caplan, for being here today.

Mr. David Caplan: Thank you, Mr. McNeely.

Mr. Phil McNeely: You've already confirmed that your tenure as Minister of Health and Long-Term Care was June 2008-09. Can you just give us an understanding of the issues and policies that you were principally focused on during that period?

Mr. David Caplan: There was—

Mr. Phil McNeely: You already have, but—

Mr. David Caplan: I just touched very briefly on a few things, but I remember, as I started, one of the real issues that we were dealing with at the time was hospital-acquired infection—C. difficile, MRSA, VRE, ventilator-acquired infection and others. So I quickly got to work on a couple of things. One was a protocol to be able to track in all of the hospital settings and also, then, a whole program led by Dr. Baker to be able to get out to health care professionals, to the public as well, to have the proper procedures and protocols in place.

But shortly after that, it became quickly apparent that the Ministry of Health is multi-faceted and we had questions almost immediately around unmet standards in long-term-care homes, followed up very quickly with—I don't know if you recall three years ago, but there was an outbreak of listeria bacteria that was caught by Ontario's public health network. So that was very much in progress as well. Also, that summer I was quite pleased to unveil the first comprehensive diabetes strategy that the province has ever seen. Remember, this is really just in the first month and a half that I assumed responsibility for the Ministry of Health.

0930

Beginning a bit later, we began to work in earnest on a couple of things. There was legislation around expanded credentials for foreign-trained physicians or international medical graduates who could then be able to practise in Ontario. We got to work on a report from HPRAC related to a variety of health professions and expanded scope of practice. Eventually, we were able to turn those recommendations into legislation, which I was quite pleased was supported by all parties and all members and, in fact, is working today to strengthen the access that Ontarians have to a variety of medical professionals.

Additionally, as I had mentioned, there was a concern that was brought forward by the College of Physicians and Surgeons arising from a particular case of a woman here in Toronto who had gone for some cosmetic surgery and, tragically, had died. The college did not have the ability to enter the premises to watch procedures being performed to be able to judge competence etc. Again, with the support of all parties, we were able to pass legislation which strengthened the college's ability to do so.

Continuing throughout the year, the government had previously passed a new long-term-care act, and one of the really important things was to write the new regulations. I must admit that I don't know whether those have gone through and been fully implemented. But it was quite a daunting task to go from that kind of environment to a new one.

Additionally, Ontario was moving to a new system for home care procurement. So that was another file which was considerable.

I must admit, I had some other interests. A passion for me is to reform Ontario's mental health system, and that encompasses more than simply the Ministry of Health's purview but a great deal more, as it coordinates with the justice system, with education, social—

Mr. Phil McNeely: I'd just like to interrupt there because I'll be running out of time here.

In that context, the Ornge issue—obviously, the one letter here which you've gone through and responded to—how big was that in all the jobs you had?

Mr. David Caplan: To put it in perspective, there are literally hundreds if not thousands of letters per month. I must admit that one of the things that we had run into was that there was an enormous backlog, of about six months, of correspondence which had built up. We

worked very hard to turn around within the ministry to reduce that backlog so that we could respond on a much more timely basis to letters and things that came in and then ultimately could act upon some of those.

I don't want to say that they're minor, because Ontario's air medical transport system is an important part of the overall health care system. There are a lot of moving parts of the ministry, and it was not as though it was the focus of a lot of attention.

As I said, we reviewed the auditor's report in 2007, and while he did indicate that there were some operational issues that ought to be attended to—that was the nature of the follow-up that we had.

We did understand that there were competitors, if you will, who might be concerned about Ornge's entrance into the market, and we can understand the difficulty that might create.

I am familiar with one other letter related to the procurement as well, so I do—and we did receive letters from outside or competitors regarding procurements in hospitals, regarding—

Mr. Phil McNeely: That became a big issue, of course, when you started competing with private enterprise—

The Chair (Mr. Norm Miller): You have two minutes.

Mr. Phil McNeely: How much?

The Chair (Mr. Norm Miller): Two minutes.

Mr. Phil McNeely: Two minutes.

I'd just like to get into the Ornge Issuer Trust. The issuance of \$275 million in bonds by the—what was your involvement with the issuing of those bonds? Did you know about them?

Mr. David Caplan: I knew about it, but it was mainly that they had talked to finance about it.

When I met with Dr. Mazza, he had mentioned that one of the significant things that they wanted to do was refurbish their fleet—to be able to buy new helicopters, new airplanes, that kind of thing—and that the method they were going to use was bond financing, and they were talking to finance about that. So we never got into the mechanism of how it was.

Now, I did understand, and he explained to me, that Ontario—while we were the source of funding, we were in no way backstopping any of the finances or not responsible for the performance of Ornge as it related to those bonds.

Mr. Phil McNeely: Did anyone ask for your specific approval of that issuance of the bonds?

Mr. David Caplan: No—never asked and never provided any approval.

Mr. Phil McNeely: The headquarters became quite an issue, where it appears that the for-profit part raised their capital through that process. What was your involvement with that?

Mr. David Caplan: None whatsoever. You have to remember, Ornge is a transfer payment partner. It's not under the direct control of the ministry. So, for example, a hospital or the Victorian Order of Nurses, they may

have their headquarters somewhere; they don't come to the ministry and say, "We're seeking approval from you to be able to do something with our headquarters or our place of business or whatnot." The ministry would be much more concerned about the service that they are providing. Are they meeting whatever standards have been set? Are they providing timely service? Is it cost-effective and value for money? These are the kinds of things that the ministry would talk about. The things that you're referring to would really be outside of those kinds of conversations that the ministry would have with its provider partner.

The Chair (Mr. Norm Miller): We're out of time here, so we move to the opposition: Mr. Klees.

Mr. Frank Klees: Hello, David. Welcome back to Queen's Park.

Mr. David Caplan: Hello, Frank. Nice to see you.

Mr. Frank Klees: We don't have a lot of time, so let's get on with it.

Mr. David Caplan: Please.

Mr. Frank Klees: When did you meet with Dr. Mazza? What was the date, approximately?

Mr. David Caplan: I've been trying to think about that. I would have put a specific date, but it really escapes me when that was. I think it was in the fall, but I don't want to underwrite that.

Mr. Frank Klees: Okay, so you were appointed in June 2008?

Mr. David Caplan: End of June 2008.

Mr. Frank Klees: So it would have been in the fall of 2008?

Mr. David Caplan: I believe so, but again, I can't underwrite that.

Mr. Frank Klees: Who arranged that meeting?

Mr. David Caplan: I have no idea. In a minister's office, as you're well aware, there is a person responsible for scheduling—

Mr. Frank Klees: I understand.

Mr. David Caplan: Well, let me amplify the answer; what happens, in my office at least, is that we would have a committee of people: my chief of staff, policy advisers etc.—

Mr. Frank Klees: David, my question was, who arranged it? You don't know. I'd like to move on.

Mr. David Caplan: Okay.

Mr. Frank Klees: I'd like to move on to a letter to you from your colleague Michael Gravelle. The "Minister" is stroked out. It says, in part, and I'll quote from it: "David ... I wrote to you on Mr. Friesen's behalf on July 11/08 (copy enclosed) regarding his concerns over the expansion and hiring and staffing policies and practices of Ornge." This letter is dated November 7, 2008.

He says, "I am compelled as MPP for Thunder Bay—Superior North to pass along this request from these northern air services providers to meet with you or the appropriate" Ministry of Health "specialists to discuss the expansion of Ornge transport medicine, in the specific aspect of all of these medevac operators being clients of your ministry."

"I hope that we will be able to discuss this somewhat complex matter personally in the near future, and that a meeting can be arranged in the spirit of cooperation and fair competition between all these important and experienced partners in northern and remote medical transport, in seeking to achieve the best standards of safety, patient care and logistical efficiency."

Now, are you telling us that you never responded to your colleague Mr. Gravelle on this letter?

Mr. David Caplan: I don't know if there was a response or not. I don't have one in front of me. As I said, there are several thousand pieces of correspondence that arrive. But I can tell you that I don't ever recall having a conversation with him—I think that was the question that Ms. Gélinas asked, if I had a conversation. I don't recall a conversation with Minister Gravelle about this.

Mr. Frank Klees: He enclosed a letter from Mr. Cliff Friesen, executive VP of Bearskin Airlines—it was all distributed.

You responded. You signed the letter dated November 6, 2008, and after acknowledging that you received a letter from Michael Gravelle, you say this: "Since your inquiry and questions relate to the responsibilities, activities and decisions undertaken by Ornge, I have taken the liberty of forwarding your correspondence to Ornge, for that organization's consideration and response. I am confident that Ornge will be able to address your inquiry."

0940

Now, isn't it passing strange, Minister—

Mr. David Caplan: I'm not a minister, sir.

Mr. Frank Klees: Well, you were at the time.

Mr. David Caplan: I was at the time—

Mr. Frank Klees: And isn't it passing strange that there would be a complaint from a fairly substantive group of individuals in northern Ontario brought to you by your colleague and that you would simply say, "I'm acknowledging your complaint. Guess what I'm doing. I won't give you the meeting you ask for. I'm going to ignore what you're telling me as the minister who is responsible for the ministry, and I'm going to send your complaint back to the people that you're complaining about." How do you square that?

Mr. David Caplan: Well, I don't agree with the premise of your question. Nothing is ignored but, rather, that they are referred to the people who are directly responsible for the provision of air ambulance service in the province of Ontario.

It is not, as you well know, the ministry directly that had had this contractor relationship with Ornge. They had specific concerns around a competition with them and the ability of them to potentially contract in northern Ontario, that if they wished to get into those kinds of arrangements, it wouldn't be the ministry, and I think you would acknowledge it would be with whoever is providing that service. They are the appropriate people to do so, and I think appropriately enough that the referral should be to

those whom they could have a business relationship with—

Mr. Frank Klees: See, I strongly disagree with you.

Mr. David Caplan: You're entitled to your opinion.

Mr. Frank Klees: I think if they're complaining about this organization—and by the way, it wasn't just the competition that they were complaining about. They refer in their letter specifically to the stewardship of the funds of the Ontario taxpayer that they were concerned with.

Now, as minister—and here's—

Mr. David Caplan: Well, no. They were—

Mr. Frank Klees: —here's where—

Mr. David Caplan: No, no, no. They say in their letter that they're concerned about the fact that the health levy is levied against businesses and that—

Mr. Frank Klees: No, Mr. Caplan, I'm sorry; that's not what they say.

Mr. David Caplan: Okay.

Mr. Frank Klees: I am telling you, they say right here: "also in regard to the responsibility they show as stewards of the funds of the Ontario taxpayer as funded by the Ministry of Health."

Now, Mr. Caplan, you folks are going to have to get a bigger bus, because every witness we have, whether it's your predecessor, whether it's your successor, whether it's deputy ministers—everybody's throwing everybody under the bus. There's no more room under that bus. At some point, what we're hoping is that someone will actually fess up and say, "You know what? We failed in our oversight responsibilities."

You, sir, as minister, on the strength of this letter alone should have taken the initiative to investigate this, rather than send their letter of complaint back to the people that they were complaining about. Doesn't it make sense that you would have said, "You know what? I'm going to look into this. I'm going to call the deputy in here and I'll ask the deputy to give me a full report on what's going on here." Doesn't that make sense?

The Chair (Mr. Norm Miller): You have a minute and a half.

Mr. David Caplan: I would say—and I think I've answered the question, sir—that they were concerned about the business practice, particularly around the competition with a private provider, which I think Bearskin Airlines is; that appropriately enough, if they wished to be a part of and enjoy a relationship with Ornge, that appropriately they should have that direct conversation.

I think that the people who are providing the service to Ontarians and providing the business of air medical transport are the ones who can best have that kind of conversation. The ministry is not the direct provider, and I would say that the kind of inquiries that you see from this particular individual and this particular effort, while they do raise concerns for the business of Bearskin Airlines, I don't think that the referral was by any means inappropriate. I think it was the direct and the fastest route for them to be able to resolve the concerns that they have, for them to best be able to share in the kind of

operational issues that they do raise in their letter, and to get them the kind of satisfaction that they were looking for. I had hoped to be able to provide them with the quickest route to do so, and I did make that referral in my letter. You and I may disagree on what the course of action is, but I believe that that was the appropriate one.

The Chair (Mr. Norm Miller): We are out of time. Thank you very much, Mr. Caplan, for coming before the committee today.

Mr. David Caplan: Thank you very much, Mr. Chair, and thank you to you all.

PATHWAY GROUP

The Chair (Mr. Norm Miller): Our next presenter is Mr. Kelly Mitchell. Mr. Mitchell has handed out his opening statement. He is going to forgo reading his opening statement to allow more time for questions.

Just to confirm, you have received the information for a witness appearing before the committee?

Mr. Kelly Mitchell: I have.

The Chair (Mr. Norm Miller): I believe we have an oath for you to swear.

The Clerk of the Committee (Mr. William Short): Mr. Mitchell, if you could just raise your hand, please.

Mr. Mitchell, do you solemnly affirm that the evidence you shall give to this committee touching the subject of the present inquiry shall be the truth, the whole truth and nothing but the truth?

Mr. Kelly Mitchell: I do.

The Chair (Mr. Norm Miller): The first round of questioning will go to the government. Who would like to ask the questions? Mr. Zimmer would like to ask questions. Go ahead.

Mr. David Zimmer: Mr. Mitchell, I understand that before 2003 you were a chief of staff in the Harris government, including chief of staff to John Snobelen.

Mr. Kelly Mitchell: That's correct.

Mr. David Zimmer: And I understand that more recently you were the campaign chair for Tony Clement in the Parry Sound–Muskoka 2008 federal election.

Mr. Kelly Mitchell: Correct.

Mr. David Zimmer: And I understand that more recently, in the last provincial election, you served on Tim Hudak's leadership campaign, and then were a member of the Ontario PC target seat fundraising team in the 2011 election.

Mr. Kelly Mitchell: Not really the fundraising team, no. But I was part of the target seat program.

Mr. David Zimmer: I want to ask some questions about Ms. Long's hiring sequence. I understand the sequence to be this: Dr. Mazza or OAA, Ornge, contacted Pathway in October 2005 about the possibility of hiring her. I understand that Pathway in fact hired her on December 2005, with a start date of January 2006. I understand that from January 2006 to September 2006 she worked at Pathway, at which time she was seconded to Ornge, although on the Pathway payroll. Eventually, in

December 2006, she left Pathway and moved in-house to Ornge. Is that a correct sequence?

Mr. Kelly Mitchell: I believe that's correct, yes.

Mr. David Zimmer: With respect to her time at Pathway, her contract—and I think you've got the document book there.

Mr. Kelly Mitchell: I don't, no.

Mrs. Liz Sandals: I'm sorry, the clerk isn't here. We had asked that the clerk forward the materials to Mr. Mitchell.

Mr. David Zimmer: Anyway, I've got the contract here.

Mr. Kelly Mitchell: It was forwarded to me. I'm sorry, I just didn't bring it with me.

Mr. David Zimmer: Okay. I understand that at tab—that's the billing summary. I have the service contract with Ontario Air Ambulance and Pathway, and it recites what you're going to do for OAA. On schedule A, there's specific reference to Pathway Group: A Pathway Group employee would be seconded to OAA—and it lists the duties—and the salary for that secondment was \$4,800 and change. That seconded employee was Ms. Long?

Mr. Kelly Mitchell: That's correct.

Mr. David Zimmer: I understand that in addition to the Pathway contract with OAA/Ornge, you personally served in the following capacity with Ornge on these dates, on the board:

—Ornge Global Air, elected January 1, 2011, resigned September 1, 2011;

—Ornge corporate services board, elected January 1, 2011, resigned September 1, 2011;

—Orngeco, elected January 1, 2011, resigned September 1, 2011;

—Ornge Global Solutions, elected January 1, 2011, resigned September 1, 2011;

—Ornge Global GP, elected January 1, 2011, resigned September 1, 2011; and

—Ornge, September 1, 2011, to December 23, 2011.

Is that correct?

0950

Mr. Kelly Mitchell: Yeah, I think that's absolutely correct. The only thing I would say is I was actually elected to the board of Ornge Global on January 1, and it was subsequent appointments where I was nominated to the boards of the other private companies on the private side. In fact, I thought that they took place in March, when I became a member of the other boards. But I'm not disputing that I was on both of those boards for roughly those periods of time.

Mr. David Zimmer: All right. On the document book that we sent over to you, at tab 1 is a billing summary for Pathway's account to Ornge; that totalled—Ornge-Pathway accounts were \$337,411.27. Is that correct?

Mr. Kelly Mitchell: I had \$388,302 but I'm not sure of the discrepancy. I'm fine with that, yeah.

Mr. David Zimmer: But anyways, \$330,000-plus?

Mr. Kelly Mitchell: That's correct.

Mr. David Zimmer: All right. I understand that the billing summary, then, for Pathway and Ornge Peel—the total billings were \$42,501.52.

Mr. Kelly Mitchell: I'm sorry, so in the first case you were referring to Ornge?

Mr. David Zimmer: Ornge and Pathway and—

Mr. Kelly Mitchell: And the second one, Ornge Peel?

Mr. David Zimmer: Peel.

Mr. Kelly Mitchell: My understanding is that's reverse, actually. I thought Ornge Peel was the larger number and Ornge—the only work we did for Ornge was a formal RFP that we were awarded in—

Mr. David Zimmer: In any event, those totals—say \$337,000 plus \$42,000; close to \$400,000—are a reflection of Pathway billings on this file?

Mr. Kelly Mitchell: Over the seven years, yes.

Mr. David Zimmer: Thank you.

Am I correct also, then, that portions of those billings were made by Pathway to Ornge and Ornge Peel and so on while you were on the various boards of the Ornge structure?

Mr. Kelly Mitchell: So, when I was on the private boards of Ornge, the Ornge Global side, prior to that, on August 23, 2010, I believe, we were awarded an RFP for \$96,000—a public RFP process for this \$96,000 and that was for Ornge work. That would have happened at the same time I was on the board of Ornge Global. So January 1 was when I started with Ornge Global. If we went back to August 23, previous to that, Pathway Group was awarded the contract through Ornge for the work that we did on the RFP.

Mr. David Zimmer: But then there were periods of time when you were both on various Ornge boards within their structure and Pathway was also billing various entities of Ornge?

Mr. Kelly Mitchell: Just the one period, though. I don't want to—

Mr. David Zimmer: Okay, that's fine.

Do you think that was a conflict of interest to be providing advice and on the boards of the various Ornge structures?

Mr. Kelly Mitchell: Well, I was concerned about it, and I raised the issue with the chairman of the board—

Mr. David Zimmer: The chairman at the time was?

Mr. Kelly Mitchell: Mr. Beltzner.

Mr. David Zimmer: Yes, and?

Mr. Kelly Mitchell: —and with Dr. Mazza. So this is on March 29. I said I wanted to highlight a perceived conflict: My company is under contract with Ornge to provide specific duties awarded under an RFP executed on August 23. It's for a northern engagement strategy. It had nothing to do with lobbying governments or anything; it was strictly about northern work, something that Pathway Group is very qualified to do. I would be reporting in that job to the COO and the director of regulatory affairs and, from time to time, the CEO. My role as board member for Ornge Global—at this stage, I didn't see a conflict because we were dealing with the private side, and it wasn't about what was going on at Ornge. But I

did raise the issue with the chair and the CEO just to make sure that it was put forward. His reply back to me, dated on the 29th: "I don't see this as a conflict at this time, especially if the contract was awarded prior to your participation on the boards of Air and Peel. Should there be a motion concerning Air as related to your work, I would expect you to declare the conflict and abstain from discussions and voting."

Mr. David Zimmer: All right. Thank you.

The Chair (Mr. Norm Miller): You have a minute left.

Mr. David Zimmer: Yes, two more questions: Did you do any lobbying or consulting with the PC caucus or individual members of the PC Party on Ornge matters?

Mr. Kelly Mitchell: I did.

Mr. David Zimmer: Thank you—and that's covered in your billing summaries.

Lastly, when you took on Ms. Long, presumably somebody at Pathway met with her and interviewed her, as you would any other prospective employee. Did she present a resumé?

Mr. Kelly Mitchell: You know what? I can't remember if she did or not.

Mr. David Zimmer: Would you search your records to see if she presented a resumé?

Mr. Kelly Mitchell: I will.

Mr. David Zimmer: And the last question: In her resumé—I know among other things she was a water-skiing instructor and did some waitressing. Was there anything else in her resumé or during the interview that stood out in your mind that attracted you to her professionally as a potential employee?

Mr. Kelly Mitchell: I can't remember seeing the resumé, and I apologize for that, but we did interview her and, frankly—we're looking at an admin position. In my view, she was very good. She was bright and articulate. We didn't have anything negative—even during the time she worked for Pathway Group, I couldn't say anything negative about her work. But in direct answer, I can't recall a resumé, so I really don't know the answer.

Mr. David Zimmer: And would you search your records for that?

Mr. Kelly Mitchell: I will.

Mr. David Zimmer: Thank you.

The Chair (Mr. Norm Miller): We are out of time, so we shall move to the official opposition. Mr. Klees.

Mr. Frank Klees: Thank you. Welcome to these hearings.

Mr. Kelly Mitchell: Thank you.

Mr. Frank Klees: Your time on the board of directors of any of these companies was very short. Can you tell us why you resigned as a director when you did?

Mr. Kelly Mitchell: In the case of the private boards, I had been asked to—I was on those boards for a number of months, but I believe it was somewhere in July or perhaps August that Dr. Mazza had phoned me up and said, "I would like you to be on the board of Ornge. We have a replacement for a gentleman who was a very good friend of mine who passed away, from northern Ontario."

It's where I do a lot of my work. Frankly, I was kind of happy to get off the board of Ornge Global. Beyond the stuff that we were talking about, I found Global to be exceptionally complicated. I think you've all seen the org chart or the chart of companies. When I started with them, I had no idea that that was the structure of it. I was happy to resign from the private side.

In regard to the public side—and it's in my notes—I attended two meetings. One was a teleconference call; one was a meeting on, roughly, December 1. The conference call was mid-December. At that point, all these negative things were coming out now through the newspapers. There had been questions in the media, questions posed here in the House. I'd asked the question during the conference call what the salary of the CEO was, and I was informed that it was around \$1 million. With all of the other things that were going on and, added to that, this compensation, which I think is outrageous, I announced that I would resign from the board and did so by the 23rd.

I was quite disappointed with it. I was really excited to be on the board of Ornge. It was kind of a new thing for me, as a young guy or relatively young, anyways. I've been referred to as a senior Conservative lately, and I think that's kind of moved me up the scale, which I'm happy about. But I was quite excited about being on the board, and I was very disappointed to see that, as a board member, you would have to be responding to all of the decisions that were made by previous members—that I just thought the task was something I wasn't up to.

Mr. Frank Klees: You were aware—or were you aware—of questions that were raised in the Legislature about Ornge, the possible cross-subsidization of the for-profit entities with public funds, in April 2011. Did you become aware of the fact that those questions were being raised in the Legislature?

Mr. Kelly Mitchell: I did, yes.

Mr. Frank Klees: Were you also aware that a very long letter was addressed to the MPP who raised those questions in the Legislature, who happened to be me, threatening legal action? Did you become aware of that letter?

1000

Mr. Kelly Mitchell: I did. Actually, they had asked me for advice on that. My advice was, and it was in an email—I've provided you, I believe, thousands of pages of emails—where I said, "Don't go to war on this. The member has the right to ask these questions. The better approach is to sit down with the member and provide the documents that are being requested."

So I was aware of it at that time. I was also concerned about it as well, because there were a series of FOIs that were being thrown out there, and some of them, I believe, were from the Conservative research group., but I don't know everybody who was FOIing.

I talked both to Ornge and to a friend of mine who I had a relationship with, the Honourable Michel Bastarache, a former Supreme Court justice who had recently retired. I had asked Ornge to retain Mr. Bastarache with the goal

of going through all of these things, because one of the problems that you see with Ornge, in my impression, is that it was very difficult to distinguish between rumour and fact. I thought this would be one way of having somebody of his skill look at the distinctions between the public funds that could bleed over to the private entities and make sure that that wasn't the case. He could look at the corporate structure and ensure that it was appropriate.

Specifically, and I have it in my kind of draft term sheet—as I've put in my notes to you, I'm a forester, not a lawyer. This is in legalese, but I was trying to say that there are also issues that Ornge continued to not be able to resolve, such as *[inaudible]*. So I suggested that they hire Mr. Bastarache. Unfortunately, it didn't happen. Now, I'll say this to Ornge: The CEO and the COO seemed to be very keen to follow through with this, but it never happened. They never approached and Mr. Bastarache went on summer holidays and it didn't happen.

Mr. Frank Klees: Thank you. To your knowledge, was Don Guy ever briefed on the Ornge file while he was working for the Premier, while he was still the chief of staff?

Mr. Kelly Mitchell: I don't know that.

Mr. Frank Klees: To your knowledge, in working with Ornge, was Don Guy hired through Alfred Apps at Fasken?

Mr. Kelly Mitchell: I don't know that, either.

Mr. Frank Klees: Okay. When the questions were raised in the Legislature and when that threatening letter was sent to me, was there any discussion at Ornge in any of the meetings that you were at as to what steps the minister might take in response to that? Was anyone at Ornge surprised that the minister, rather than—let me rephrase it. Did the minister or anyone in the ministry follow up, to your knowledge, with Ornge in response to those questions that were put to her?

Mr. Kelly Mitchell: I'm not aware of it. I have seen a previous version of the letter that they had sent, which was something I believe that also had been sent to the leader of the third party, which had no threat of legal action. It was essentially a letter that said, "Here are the facts." That was the letter that I saw. I didn't see the final letter until afterwards, when somebody from Ornge had said to me, "Oh, we sent the wrong letter," which was c.c.'d to many people, including the minister. But in regard to a response back from the minister, I'm not aware of any.

Mr. Frank Klees: Did that surprise anyone, that there wouldn't be a reaction from the ministry to something as serious as this being raised in the Legislature?

Mr. Kelly Mitchell: Certainly, I guess, from my own perspective, the questions were being raised in the House to the minister, and I thought that based on my knowledge of Ornge at that time, I thought that the answers could have been stronger, because the information I had—and I'm not saying it was right; it was just at that period of time. There were answers to these questions, in which case I would have expected that they would be

articulated in the House because they were being raised in the House.

In regard to directly answering the question about surprise, it was never articulated to me that they were surprised about that one way or the other.

Mr. Frank Klees: Given your pedigree as a Conservative, were you ever asked to get in touch with me and to try to get me off this file?

Mr. Kelly Mitchell: I was, and this is right around—so January, February, March, April—probably somewhere in April, I'm guessing. At this time, we have this contract that's winding up with Ornge, this RFP, and I'm on the private board, Global. The Ornge COO, Mr. Lepine, was really upset because he just felt like he couldn't answer the questions. And I have to say, having gone through this the last couple of weeks where my name has been raised in the House too, it can be quite frustrating not to be able to go, "But wait a minute."

So they did ask me to see what I could do, so what I did is I contacted the lobby registrar and asked her for a ruling on whether I would be allowed—as a board member of Ornge, somebody who I've lobbied for—to communicate with you. We had some email exchanges back and forth, and then she phoned me. We had a discussion and she said, because I'm a well-known lobbyist, it would be deemed to be a lobby action and therefore, under the Broader Public Sector Accountability Act, I could not contact you. I think, as you all know, I never did.

The Chair (Mr. Norm Miller): You're on your last 30 seconds, Mr. Klees.

Mr. Frank Klees: Perhaps Mr. Guy and Mr. Apps should have taken the same precautionary steps. We're looking forward to hearing, of course, from Mr. Guy later today. Thank you.

Mr. Kelly Mitchell: Thank you.

The Chair (Mr. Norm Miller): To the NDP: Who would like to ask questions?

M^{me} France Gélinas: I'll go first.

The Chair (Mr. Norm Miller): Go ahead.

M^{me} France Gélinas: Flag me halfway through.

Thank you for being here. The first question I wanted to ask you is—you were on the board of directors of Ornge Global on January 1, 2011. A briefing as to the corporate structure of Ornge was shared in, basically, a briefing material, with many people at the Ministry of Health and Ministry of Finance. It's a letter that has been circulated around.

After this letter was presented and the briefing took place with people at the Ministry of Health, the minister told us that there were red flags, that there were alarm bells, that they tried to get information but they were stonewalled by Ornge.

To your knowledge, on the board from January 1, 2011, has the Ministry of Health ever tried to get information from Ornge Global?

Mr. Kelly Mitchell: Nothing through me, obviously, as kind of the newest member to the board and a Conservative, but my impression from the chair of the board

and discussions that he had—at the same time, I believe, the AG is also doing his investigation as well. I'm trying to make sure that I don't confuse the two—but my impression was that members of the government had been briefed all the way through the process of the creation of Ornge Global, the private entity, and I'm sure that that had been articulated at a board meeting; I'm not sure which one. That would have been my belief.

I don't know if the government actively tried to do something proactive to say, "We've got red flags." That was never presented to the board members.

M^{me} France Gélinas: But you knew the fact that the corporate structure had been presented and the fact that Ornge Global was a private entity had been presented to the Ministry of Health, and to your knowledge, they did not come back for more information, nothing that hit your radar anyway?

Mr. Kelly Mitchell: That's correct.

M^{me} France Gélinas: Okay.

You knew that the Auditor General was at Ornge. Was that topic ever discussed at the board of Ornge Global?

Mr. Kelly Mitchell: It was. I don't recall it ever being a line item topic. In fact, it seemed to me there was one session on a meeting, I think it was just before I started with the board. So my nomination was on January 1, I believe, but my first meeting would have been on January 23 or 28, later in the month. It seemed to me that there was an in-camera session that was talking about the AG's report, but other than the chair of the board saying, "We're struggling to answer all these questions. We don't think that the AG's department is quite getting what we're trying to present to them, so we're really working hard on it"—I know that they were quite satisfied with their ability to push the AG's report further off into—I guess it was March 23, whenever the AG reported specifically on Ornge, because they felt that if it had been presented at the normal time the AG's report comes out, the December period, that there were still too many factually incorrect answers or parts of his report.

So I was never part of any of those kinds of formal discussions, but certainly that was articulated, I believe, by the chair at a board meeting.

M^{me} France Gélinas: In the discussion at the board of Ornge Global, was the discussion of, "this information should not be made available to the ministry," or of "that information should not be made available to the AG," or—what was the culture of communication between Ornge Global and the ministry or the AG?

1010

Mr. Kelly Mitchell: I can't member specifics on what was discussed, but certainly my impression was that the board members of the private board felt they were a private entity and that they had assurances through the legal firm and through their accounting firm—I believe it's KPMG—that this was a private entity and shouldn't have been grouped into the AG's report.

M^{me} France Gélinas: And although you were on the board of directors, you did not know the salary of Mr. Mazza while you were at Ornge Global?

Mr. Kelly Mitchell: That's correct.

M^{me} France Gélinas: And how do you figure that is? He was your employee.

Mr. Kelly Mitchell: They had presented—I believe it was in my second meeting—a matrix of what would go into a salary, but there was no number attached to it. I have to admit, this was all brand new to me. I didn't know—in hindsight now, you learn a lot, especially in your first experience of being on a board. I should have just asked the question, but I didn't at that time. It wasn't until mid-December 2011 that I found out that it was approximately \$1 million.

M^{me} France Gélinas: What was your teleconference in December? What was it about? You had a teleconference board meeting?

Mr. Kelly Mitchell: Yeah, it was an emergency one. There were a lot of newspaper reports that had been coming out in that time frame. The chair had set this up on very short notice to say that the CEO was in very rough shape. He needed to be removed as CEO of Ornge and somebody had to find a replacement. So that was kind of the focus of the discussion that took place.

M^{me} France Gélinas: Rough shape physically or rough shape financially?

The Chair (Mr. Norm Miller): You have one and a half minutes left, France.

Mr. Kelly Mitchell: Mentally, I believe.

M^{me} France Gélinas: Okay. The minister says that she called the board of Ornge for a meeting, but then the chair of Ornge told us that no, they called the minister for a meeting. Would you know which way it went?

Mr. Kelly Mitchell: No, and I believe that I had effectively been resigned from the board by that point, so I don't know the answer to that.

M^{me} France Gélinas: And what's the date of your teleconference call?

Mr. Kelly Mitchell: It was mid-December. I could be off by a day or two, but it was a Saturday, like December 12, I believe; something like that.

M^{me} France Gélinas: And this is when you decided to resign, and it became effective—

Mr. Kelly Mitchell: The 23rd.

M^{me} France Gélinas: The 23rd.

M^{me} France Gélinas: Okay.

The Chair (Mr. Norm Miller): Mr. Singh?

Mr. Jagmeet Singh: Thank you, sir, for being here. Did you have a working relationship with Don Guy?

Mr. Kelly Mitchell: No, I've never met him before.

Mr. Jagmeet Singh: Would you have any idea what his relationship was with Ornge or what he was doing at Ornge?

Mr. Kelly Mitchell: No, none.

Mr. Jagmeet Singh: Okay. In terms of your briefings, did you have a number of briefings with provincial government officials or elected officials?

Mr. Kelly Mitchell: A total of four: One with the NDP, Mr. Bisson; one with Mr. Norm Miller, and those were not briefings on Global or anything. There was a lot of stuff going on in your ridings, either in the north or, in

Mr. Miller's case, of course, Ornge calls it "trauma season" in the summertime and a lot of people go to the Muskokas and they get themselves injured. So the focus on those briefings was very specific to, "Here's what's going on in your riding."

We had two meetings—I didn't attend either of them, but I was involved in setting them up with the PC research group who were asking a bunch of questions and doing their due diligence on Ornge because they felt that there were problems. My approach on all of this, and still remains today, is that the systems of FOIing are complicated, are slow and cumbersome. It's easier to get people together if it's at all possible, and so—

Mr. Jagmeet Singh: What problems were flagged by the research group?

Mr. Kelly Mitchell: I never saw the FOIs, but certainly I know that the speedboat was one of them. I believe that Dr. Mazza's salary would have been another one, and I'm not sure—I never did see the FOIs.

Mr. Jagmeet Singh: Did you take any steps to address those FOIs?

Mr. Kelly Mitchell: The steps I took were to ensure that the two groups got together and had meetings, with the opportunity to disclose that information.

Mr. Jagmeet Singh: When was that? And I'm going to pass it over to France.

Mr. Kelly Mitchell: I'm sorry?

Mr. Jagmeet Singh: When was that? What time was that?

Mr. Kelly Mitchell: Two meetings. One was December 2009 at Queen's Park. I didn't attend it. The other one was—I'm going to be off a bit here—March or April 2010.

Mr. Jagmeet Singh: When you got the groups together, did it raise your attention about the salaries when that was raised by the leadership?

Mr. Kelly Mitchell: It did. But, you know, at that time, I actually presumed that—my impression of Dr. Mazza is that he was paranoid on his salary. I never understood why, but his salary in 2008, the last disclosed salary, to me wasn't something that raised huge flags. He's a very credible doctor. He's got his MBA and he runs a big organization. So the irritant was more, in my view, that they decided to pull it away from the public view than it was what the salary amount was.

Mr. Jagmeet Singh: Do you have any understanding of why it was taken out of the sunshine list?

Mr. Kelly Mitchell: No. They created Ornge Peel, but I don't know why. My advice is always that they shouldn't do that.

M^{me} France Gélinas: I'd like to come back to the teleconference you had on December 12. By then, Ornge had made the front page of the papers. A few red flags must have gone up. Was there any discussion at the board as in, "Our ship is about to sail. Bail out, bail out," or "Mayday," or anything like this? Or was it really just, "We're talking about Mr. Mazza needing some personal time for health reasons"?

Mr. Kelly Mitchell: It was a bit of both—I don't mean to say, "Jumping ship—mayday, mayday." But certainly the reason that Dr. Mazza's mental health was compromised was because these stories were in the front page of the newspaper. So the two things were definitely tied in the discussion. I believe I had said at that conference call that I thought I would have to resign and I thought the rest of them were probably going to end up having to resign as well.

M^{me} France G  linas: Had the minister contacted—

The Chair (Mr. Norm Miller): You're on your last minute.

M^{me} France G  linas: —contacted your board by then?

Mr. Kelly Mitchell: I don't believe so. I believe by December 12 that hadn't happened, as far as I know. I believe by the next week—I believe it happened the week after.

M^{me} France G  linas: So the week after. So it had hit the front page of the paper, you had an emergency board meeting, Mr. Mazza started having health problems and you looked at who would be your new CEO. So in the minds of the board, the operation needed to continue. You needed to look at an interim CEO. Who was chosen?

Mr. Kelly Mitchell: The COO, Tom Lepine.

M^{me} France G  linas: He was chosen to continue?

Mr. Kelly Mitchell: Yes.

M^{me} France G  linas: And in your mind, was this house of cards falling, or was it just a rough spot that you were going to work through?

Mr. Kelly Mitchell: I thought the house of cards was falling, definitely.

M^{me} France G  linas: And did you share this with the other board members?

Mr. Kelly Mitchell: Yes.

M^{me} France G  linas: You did, eh?

Mr. Kelly Mitchell: Yes. You know, some of the board members, Dr. Lester—a few on that call, I think, were absolutely shocked that what was happening was happening. It was a very unpleasant phone call, to be certain. But it's one thing when people are trying to raise questions and are being stifled; it's another thing when it's on the front page of the Toronto Star all the time, saying, "I've got all these sources and this is what they're saying." You go, "Jeez, why didn't we know about some of these things?" So, yes, I thought it was a very serious problem.

I will separate the organization of Ornge, which I've always had faith in. It was why I was so proud to be a member of Ornge, because I think they are world-class transport medicine. I am so impressed with the work they do. We do a lot of work in northern Ontario and First Nations, and they are the first piece of health care for so many of these people. With the work we did with them—we worked on changing languages so that the people who were being left on the shores, as the helicopter takes off from an area, could communicate and see how their loved one was doing. They were really special to work with.

But this piece, it looked to me like it was crumbling—

The Chair (Mr. Norm Miller): And we are out of time. Thank you very much, Mr. Mitchell, for coming before the committee today.

Mr. Kelly Mitchell: Thank you. I hope that was helpful.

The Chair (Mr. Norm Miller): I would suggest that we come back at 12:15. Our first presenter is at 12:30. It gives us a few minutes, in case there are any motions to be dealt with.

Mr. David Zimmer: And this will be locked up?

The Chair (Mr. Norm Miller): Someone will be here, yes, so it will be secure.

The committee recessed from 1020 to 1221.

The Chair (Mr. Norm Miller): I call this committee to order, then. We have a matter we have to deal with in camera to begin with, so I ask members of the press to leave, please.

The committee continued in closed session from 1221 to 1235.

ORNGE

The Chair (Mr. Norm Miller): We're back in open session and our first presenter this afternoon is Steve Farquhar from Ornge, vice-president of operations. If he could come forward—Clerk, do we know where Mr. Farquhar is?

The Clerk of the Committee (Mr. William Short): He's just standing outside.

The Chair (Mr. Norm Miller): Okay. Welcome and good afternoon, Mr. Farquhar. Just to confirm that you have received the letter of a witness testifying before the committee?

Mr. Steve Farquhar: Yes, I have.

The Chair (Mr. Norm Miller): Very well. Our clerk, once he gets back here, will have you swear an oath.

Mr. Steve Farquhar: Okay.

The Clerk of the Committee (Mr. William Short): So the Bible is in front of you. You wanted to swear an oath or be affirmed?

Mr. Steve Farquhar: I'll swear an oath.

The Clerk of the Committee (Mr. William Short): Swear an oath? Okay. Mr. Farquhar, do you solemnly swear that the evidence you shall give to this committee touching this subject of the present inquiry shall be the truth, the whole truth and nothing but the truth, so help you God?

Mr. Steve Farquhar: I do.

The Clerk of the Committee (Mr. William Short): Thank you.

The Chair (Mr. Norm Miller): You have time for an opening statement. Then there will be questions from the parties.

Mr. Steve Farquhar: Thank you. Hello. My name is Steve Farquhar and I'm vice-president of operations for Ornge air ambulance. I would like to thank the standing committee for the opportunity to speak to you today.

In my role as VP of operations, I am responsible for the day-to-day operations of the paramedic service at Ornge. We have 146 full-time paramedics and 71 part-time paramedics who operate out of 13 air and land bases around the province.

Operations involve the day-to-day activities involving the delivery of air ambulance services across the province. This includes providing paramedic/RN services, base-related activities, scheduling services, land ambulance deployment and administrative management support. Ornge is made up of a number of business units that are responsible for different activities.

Operations does not have oversight over aviation activities or activities—nor do we have responsibility for medical oversight or the training and education of paramedics. We all work together as a team to deliver the best service possible to our patients.

My career as a paramedic spans 25 years. I've worked as a front-line paramedic in both the land and air environments. As I am sure every person in the medical field will tell you, I became a paramedic to help people. Providing the best possible patient care has always been my number one priority. Working to help those who need medical care is the reason I have remained in the business for over 30 years.

This line of work is difficult; it's physically and emotionally draining. It is all-encompassing. You carry it with you when you go home at the end of the day. It is always part of your life. When you deal with life and death, you do not always have the luxury of leaving your work at the office.

During this time, I have seen this remarkable and challenging field undergo many changes—from times with little or no recognition and low pay, to advancements in technology and the evolution of patient care. Medical transport services have undergone a prolonged and significant transformation, and despite the problems we have been facing, I feel fortunate to have been a part of the larger industry.

1240

Having worked both in the field and as a manager, I understand the challenges that the front-line staff face every day as well as those of the organization and the system as a whole. I feel that it is important to point out the unique challenges of operating an air ambulance system. Medicine and aviation are among the most highly regulated professions in the country—I dare say, the world. Imagine the complexities of running an airline and then, separately, the challenges of managing a hospital. Combining these two fields adds additional complexities and regulatory issues that make day-to-day operations and decision-making exceptionally difficult. Each decision has a ripple effect. No decision stands alone. Even a minor change can bring with it regulatory issues. Great care must be taken to always ensure the continuity of our operations.

When I became a flight paramedic, I was extremely excited about the future of the field, and to this day it is an area I find incredibly rewarding and promising.

To say that recent events have been disheartening would be an understatement. I feel the same emotions as the front-line staff. I am, and always will be, a paramedic at heart.

Ornge lost its way and let down those committed to the service. I count myself among that group. To watch the events of late has been anything but easy, but I truly believe Ornge is rebuilding and will once again be the strong, vital organization it is meant to be.

I know that a number of people have left the organization, for many reasons. For me, the silver lining is that I am still here and I am able to take part in the amazing rebuilding process that is under way. The new leadership is making significant change, and I am fortunate to be there to support these efforts. Our interim CEO, Ron McKerlie, has made great strides in fixing the problems of the past.

We all acknowledge that mistakes were made, hands were tied, countless hours spent wondering what could be done differently, only to end up back at the start. But that is the past, and I look forward to the future of the organization. Change is happening—positive change, important change—and things will only get better.

Here are some examples of the change at Ornge: We have refocused our core mandate to provide a safe, reliable, quality air ambulance service for the people of Ontario; we have improved communications across the organization and have become a more transparent and accountable organization; we are moving to improve our available staffing levels by ensuring that paramedics progress through training and reintegration programs in a timely manner; we have systems and processes in place to transform the medical interiors; we are restructuring the Ornge communications centre, which will improve service delivery and aircraft deployment; and we are working closer with our EMS partners, hospital stakeholders and, of course, the Ministry of Health emergency health services branch. These are just some of the changes that have been made at Ornge in the last few months.

I continue to be amazed by the dedication of not only our front-line staff but of the entire organization. We have some of the most highly trained paramedics in the world. They have worked through the issues being faced by Ornge because of the commitment they have to the people of Ontario. I am honoured to work with them. I will continue to do my best to be their voice and represent their interests and help them deliver the best possible medical services to the people they are tasked with caring for.

I am happy to take any questions you may have.

The Chair (Mr. Norm Miller): Thank you for your opening statement. The questions go first to the official opposition. You have 25 minutes, Mr. Klees.

Mr. Frank Klees: Thank you. Mr. Farquhar, thank you for attending here. Your formal training is that of a paramedic. Is that correct?

Mr. Steve Farquhar: Yes, sir.

Mr. Frank Klees: When did you complete that training?

Mr. Steve Farquhar: In 1982.

Mr. Frank Klees: In 1982? And how long did you work as a paramedic?

Mr. Steve Farquhar: Twenty-five years.

Mr. Frank Klees: So you worked as a paramedic until 2007?

Mr. Steve Farquhar: Roughly there, yes.

Mr. Frank Klees: Let me ask you this: After you were finished your work as a paramedic, what was your next position that you took on?

Mr. Steve Farquhar: I graduated in 1982 and I worked for Toronto emergency medical services for about 14 or 15 years. I also worked for the air ambulance program full-time for two and a half years, and then part-time for a total of about 10 years.

Mr. Frank Klees: And what did you do there?

Mr. Steve Farquhar: I was a critical care flight paramedic on Bandage 1, out of the Toronto base.

Mr. Frank Klees: Okay.

Mr. Steve Farquhar: Then I went on and took a position at the base hospital as a clinical instructor. I trained 30 paramedics in Peterborough under the OPALS program, which is the Ontario paramedic advanced life support program. Then I was asked to come down and work in the Sunnybrook base hospital program in 2000 as the manager of the critical care land ambulance program.

Mr. Frank Klees: Okay. Thank you.

You say in your statement that it's a very complex undertaking to run an airline and then deal with the challenges of managing a hospital and so on. The position that you've taken on, which is that of VP of operations at Ornge, certainly, that is a very complex responsibility. Can you just describe briefly what all that entails?

Mr. Steve Farquhar: The VP of operations has an associate VP below that reports up to my office and a director of operations in the province. From that we have a number of operations managers that are placed at each one of the bases around the province. Then the paramedics report to the operations manager.

Mr. Frank Klees: So you're really the guy who makes the decisions regarding all field operations at Ornge. Would it be fair to characterize it that way?

Mr. Steve Farquhar: The decisions that are made, some of them are within my ability to make them; other ones, I would have to seek counsel from my boss at the time, who was the COO.

Mr. Frank Klees: Okay, but ultimately you sign off on most of the field operations at Ornge. Is that correct?

Mr. Steve Farquhar: Yes.

Mr. Frank Klees: Okay. That's quite a responsibility for someone who basically has been trained as a paramedic. You've taken on very complex management responsibilities. Before you took on this responsibility at Ornge, did you have any formal training as a manager at that high level?

Mr. Steve Farquhar: Yes. So, I started off in 2000 as a manager. I moved into the central region manager, which would be equivalent to an operations manager. I was then promoted to the director of operations in 2006,

so when we took over from the province. I held that position for three years and I was promoted to an assistant VP of operations and then to the full VP of operations. So I've been in management for 12 years now.

Mr. Frank Klees: At what point did you enrol in the MBA program?

Mr. Steve Farquhar: I enrolled in the MBA program in February 2011.

Mr. Frank Klees: Were you aware of what the cost would be for that program?

Mr. Steve Farquhar: Yes, I was aware of the cost.

Mr. Frank Klees: And how much was that?

Mr. Steve Farquhar: It was \$90,000.

Mr. Frank Klees: And when did you graduate?

Mr. Steve Farquhar: I'm not graduated yet.

Mr. Frank Klees: You're still taking that course?

Mr. Steve Farquhar: Correct. I'll graduate in June.

Mr. Frank Klees: And Ornge continues to pay that?

Mr. Steve Farquhar: Yes.

Mr. Frank Klees: And you're fine with that?

Mr. Steve Farquhar: There were a number of people that were approached by the senior executive team to take management leadership training, and a sponsorship was offered for those positions—

Mr. Frank Klees: Isn't it a little late to be taking management leadership training at that level once you're already the VP of operations of a very complex organization?

Mr. Steve Farquhar: I have 52 people in my MBA class and most of them hold senior positions—VPs, CEOs, COOs—so I would say it's never too late to learn.

Mr. Frank Klees: Was there ever any question in your mind as to whether public funds should be paying for that? I mean, a lot of people take additional training; they pay for it themselves. What was your salary?

Mr. Steve Farquhar: My salary? It was reported at \$250,000.

Mr. Frank Klees: Any additional bonuses on top of—

Mr. Steve Farquhar: No, that was bonus-in.

Mr. Frank Klees: You didn't at any time think that, perhaps, you should be picking up the cost for your further education?

Mr. Steve Farquhar: The company offered to sponsor me for the position and I accepted it. I didn't accept it lightly; I'm very honoured to have that. I can tell the committee that I'm putting in 25 to 30 hours a week of work, and everything that I've learned in my MBA, which is a lot about leadership, also, I use every day on my job.

1250

Mr. Frank Klees: Can you tell me who signed off on the medical interiors of the helicopters? I've been led to believe that you had to sign off on that, given your role.

Mr. Steve Farquhar: I did not sign off on the medical interiors. It was done at the COO level.

Mr. Frank Klees: And the COO at the time was?

Mr. Steve Farquhar: It would have been Tom Lepine, COO of Ornge; and Rick Potter, COO of aviation.

Mr. Frank Klees: So both of those gentlemen signed off on those medical interiors. You had nothing to do with it.

Mr. Steve Farquhar: The role I had in the medical interiors: I was asked to be part of the RFP committee. My responsibility on the RFP committee was to look at vendor presentations, review renderings. We were scoring and we were shortlisting vendors.

Mr. Frank Klees: So you certainly played a role in shortlisting whoever it was ultimately contracted to. Given your medical background—critical care flight paramedic—did it ever occur to you that perhaps CPR would have been a pretty important thing to be able to administer in that helicopter?

Mr. Steve Farquhar: If I could tell the committee a little bit about what happened there: The RFP went out in 2008; it was awarded in 2009. We were against very tight deadlines to be able to deliver because the CHL contract was coming up, and we were given tight deadlines to operate in.

A medical team was sent over, consisting of a front-line flight paramedic at the Toronto Island and one at Sudbury. A project manager and a transport physician were sent to Switzerland because that was where the manufacturer was. It was Aerolite. They were there for about a week and they went through all kinds of prototype testing. They went through a number of medical scenarios to make sure that all the medical scenarios that we do in the field could be checked.

Mr. Frank Klees: Was CPR one of those?

Mr. Steve Farquhar: Yes, sir, it was.

Mr. Frank Klees: What was the value of that contract for those interiors?

Mr. Steve Farquhar: I believe the contract was almost \$6 million.

Mr. Frank Klees: How could we end up paying \$6 million for interiors in which paramedics couldn't even do basic CPR? Who, if not you, was responsible for signing off on that?

Mr. Steve Farquhar: The first AW139 was put into service at the Sudbury base at the end of December 2010, and the first complaint that we heard of on this came in the middle of January 2011. The issue at the time was the CPR. We initially thought that there was something wrong with the height, that the specs were wrong on it. We took the measurements, we talked to the manufacturer and we found out that it was fine.

I think what happened was that when you have—and this is just my opinion, but when you do scenarios and people are in street clothes, and they don't have Kendrick extraction devices on, they don't have clothes on, a matter of a couple of inches raising the patient up can make the difference between—

Mr. Frank Klees: Isn't that pretty fundamental? I hear your explanation, but it's not helping me. I would think that, with a complex organization like yours, where you have a medical director, you have flight operations directors, you've got people who are engineers—this isn't the first time that you've been involved in this—that

somebody would have taken into consideration all of those issues? And after \$6 million in a contract, you end up with an interior where you can't even administer basic CPR.

I'll repeat my question: If not you, as the VP of operations, who was responsible for signing off on this?

Mr. Steve Farquhar: It was the two COOs who signed off on it, but when the aircraft initially came, I don't think everybody was fully aware of how bad the problem was.

I think the real issue is that, typically, when you take a very complex, customized medical interior—if I was going to do it, I'd put a prototype out in the field, test it for a certain period of time and get the feedback. But if you're against tight timelines and that step doesn't happen, you're opening yourself up—

Mr. Frank Klees: Well, it's not very comforting to think that artificial timelines would result in compromising safety standards. My understanding is that Canadian Helicopters was willing to extend their contract, and all it would have taken was for Ornge to say, "We need to extend our contract with you," and that would have been the end of the tight time frame. Isn't that true?

Mr. Steve Farquhar: I don't know, sir. That would be above my level.

Mr. Frank Klees: I'd like to move on to quality management, because at the end of the day, the reason that we're here today, apart from the financial irregularities, which are a concern—and we'll get to the bottom of that, and the police will as well—what's really important to us are the patient care issues. We heard, through the Auditor General's report, of numerous incidents that were reported. In some cases, deaths occurred, and we have yet to find out exactly what the reasons for that were, but, nevertheless, patient care was compromised. Would you disagree with the Auditor General on that?

Mr. Steve Farquhar: In regard to the statement made on page 30?

Mr. Frank Klees: Yes.

Mr. Steve Farquhar: The Auditor General's report, I believe, said that there were 21 significant adverse events.

Mr. Frank Klees: Yes.

Mr. Steve Farquhar: I think part of the disconnect from that is the way that Ornge was reporting its significant adverse events at the time. We've met with the Ministry of Health emergency health services branch, and it has been clear that there's been a disconnect in what they consider a significant adverse event and what Ornge considers a significant adverse event, so I think that's part of the problem.

Mr. Frank Klees: I'd like to move on to the issue of quality management. What was your role regarding quality management at Ornge?

Mr. Steve Farquhar: Quality management?

Mr. Frank Klees: Yes.

Mr. Steve Farquhar: My role was to oversee, to make sure that the policies were followed, to make sure that any investigations that were brought forward were

raised in a proper manner and that we would continue to look into those. It was making sure that there was proper staffing available, aircraft available.

Mr. Frank Klees: Quality management is a very complex discipline in and of itself. What qualifications did you bring to the table? Do you have any specific quality management training qualifications?

Mr. Steve Farquhar: Not specifically in quality management, no.

Mr. Frank Klees: The Auditor General, in his 2007 report, made very specific reference to the IT system at Ornge. He had raised this issue as a serious concern in his initial report, and again in 2007 made reference to the system that was being used at Ornge and said that there were still considerable concerns there. His main concern was that the Ministry of Health was not able to get the appropriate information—information, by the way, that was very specifically required under the terms of the performance agreement with the Ministry of Health. Can you tell us why, four years later, that issue that had been brought to your attention still had not been properly addressed?

Mr. Steve Farquhar: I don't have the IT background to talk intelligently about how the systems could speak. I was understanding that there were some issues with the IT in the ARIS II system that the ministry uses communicating with the Ornge critical care Optimas system, but I couldn't comment intelligently on how the architecture was designed.

Mr. Frank Klees: So, as the operations manager, you didn't have any responsibility to ensure that that was addressed?

Mr. Steve Farquhar: There was a lot of issues with the IT that we were working on to try—we had had discussions with the ministry that dated back to when Ornge took over with the cluster group, and at that time, it seemed that there was not enough time to be able to get those two systems aligned, that they were dynamically different and that it was going to be a longer project. I think that it was essentially agreed upon that Ornge's business was somewhat different than the land and that the Optimas system would stand alone.

Mr. Frank Klees: Did you ever have proposals to replace the Optimas system with an alternative system that would be more efficient and more effective and address these concerns?

Mr. Steve Farquhar: Yes, we did. We had an ITM project, an integrated transport medicine project. The vendor of this project was Zoll. Zoll is very well known in pre-hospital care. So we rolled out the Zoll scheduling software system, and we also rolled out electronic patient chart records, but the piece that we did not get rolled out yet, where we ran into problems, was the data management system, which is actually the system that works in the Ornge communications centre.

1300

Mr. Frank Klees: And why was that?

Mr. Steve Farquhar: The vendor—there was a lot of customization, from my understanding, that was required,

and the project was put on hold. It's not terminated, but it's put on hold right now.

Mr. Frank Klees: The \$150 million—at least that's the most recent annual funding from the Ministry of Health to Ornge—is a lot of money. Can you give us an idea of how much of that funding you directed into capital improvements to address things like the IT system and other quality management issues? Out of that \$150 million, how much was actually invested in capital improvements at Ornge?

Mr. Steve Farquhar: I wouldn't have that information.

Mr. Frank Klees: Did you direct any?

Mr. Steve Farquhar: I was only responsible for the operations budget, so I couldn't comment on the entire funding envelope and what went into capital.

Mr. Frank Klees: I'd like to talk about the staffing levels, because that is in your bailiwick, right?

Mr. Steve Farquhar: Yes.

Mr. Frank Klees: We have had so many complaints coming from the front lines, paramedics as well as pilots, in terms of something that they refer to as "downstaffing." Is it true that you were directly responsible for signing off on that downstaffing policy?

Mr. Steve Farquhar: There was no downstaffing policy. Last year, the overtime budget for the paramedics—it doesn't include the pilots—was escalating. The forecasts were calling for two to three times what our budget was, and I raised it as a concern. The CFO at the time was quite concerned with the run rates on the overtime, and in order to curb that, I went to my superior, who was the COO. I'm assuming he talked to the CEO about this, and the decision was made, yes, that we have to stop calling overtime in.

Mr. Frank Klees: So, under that scenario, if you could not get someone to come, you would just simply leave that unit understaffed, because of the financial constraints?

Mr. Steve Farquhar: So, what we put in place there is, we put in regionalized coverage. So if one base couldn't be staffed, and this is the same now—if you did a downstaffing in Sioux Lookout, it's not easy to upstaff if you get a last-minute book-off. The bases are 400 or 500 miles apart. So what we do is, we go to regional coverage then. So if Sioux Lookout is down, we can move aircraft around in the region or we can upstaff at other bases, if we could do that.

Mr. Frank Klees: I'm trying to get a sense of the practical implications here because, at one time—correct me if I'm wrong—when this service was outsourced to private operators, they were actually penalized financially for not having the sufficient number of paramedics on staff to do—whether it was a critical care call or whatever.

In your case now, you don't have anyone else to penalize. You're obviously not penalizing yourself, and so you're content to have those bases short-staffed and you're justifying it—correct me if I'm wrong—on the basis that your staffing numbers are regional. So you may

have a particular base that is understaffed, but because you're reporting it on a regionalized basis, you're actually putting patients at risk in a particular base because you don't have a sufficient number of paramedics staffed there appropriately. Yes or no?

Mr. Steve Farquhar: No.

Mr. Frank Klees: Well, it's interesting because we're going to be getting some practical reports on that, and I believe, Mr. Farquhar, you're going to be proven wrong on that.

Mr. Steve Farquhar: I can tell you what our single medic staff—right now, it's running at about 4%. We run the stats quite frequently. The issue that you raise, sir, is concerning to us. We do not schedule one medic on an aircraft. When we did our analysis, the single-most cause for single staffing and downstaffing is paramedics picking up the phone a couple of hours before their shift and saying, "I'm not coming in to work."

Mr. Frank Klees: And what backup do you have?

Mr. Steve Farquhar: We have part-time. We have changed that policy since, in this new fiscal, where we have staffed with overtime, but at the time my responsibility was to oversee—manage a balance between regional coverage, the operations budget and making sure that the people of Ontario had access to the proper aircraft—

The Chair (Mr. Norm Miller): You have four minutes, Mr. Klees.

Mr. Frank Klees: When did you change that policy that you would actually call people in on overtime?

Mr. Steve Farquhar: I believe it was December or January.

Mr. Frank Klees: December or January. Prior to that, your policy was that to save money, you would not pay somebody overtime and you would simply leave that unit understaffed. Isn't that true?

Mr. Steve Farquhar: We would call in part-time. We would use what's called a sister-based concept, so we would bring resources as far—but we tried to mitigate the overtime because it was becoming—

Mr. Frank Klees: You tried to mitigate the overtime by allowing for understaffing, and I'm pleased to hear that you've changed that policy. But Mr. Farquhar, what we're getting at is that there were policies that were put in place that clearly put patients at risk, all in the interest of saving money and all at the same time that we don't know how many millions of dollars were actually being frittered away, whether through multi-million dollar schemes or million-dollar salaries. I think you understand why we're concerned here and why the public is so concerned.

Mr. Steve Farquhar: I totally understand the disconnect there, and I did not have any visibility on what was going on in the broader scheme of things. I was only tasked with managing the resources and the budget that were under my responsibility.

Mr. Frank Klees: I have one last question for you, sir. I think we're all familiar with the performance agreement and what the objective was in coordinating services

and integrating services. The performance agreement and the initial program—the vision—of creating that integrated air ambulance system never contemplated that Ornge should be in the aircraft ownership business. It never contemplated bringing in-house an entire air force of single-wing or helicopter aircraft. Do you agree with that?

Mr. Steve Farquhar: It didn't specifically mention that in the performance agreement. I believe, from what my understanding was that there was a business case done to in-source aviation resources, which would have been better for the public because there was better launch reliability and better control.

Mr. Frank Klees: It was never contemplated in the performance agreement. You agree with that?

Mr. Steve Farquhar: Yes.

Mr. Frank Klees: At some point, someone made a decision to move away from using third party suppliers who were experienced, who had invested millions of dollars and, quite frankly, were performing the service quite well. In fact, what's interesting is that Ornge itself relied on that historical service of those third party suppliers to trumpet the fact that they are an excellent provider of air ambulance services when they went out to the marketplace, because Ornge didn't have that history. The only history that Ornge could rely on was the history that came before Ornge, and that was the structure that involved those third party experienced, qualified suppliers.

I'd like to know from you, when was that decision made to move away from that performance agreement strategy and to bring in-house the ownership of helicopters and single-wing aircraft, and to put all of those people out there out of business?

Mr. Steve Farquhar: I wouldn't be able to know that. That decision was made above my level.

Mr. Frank Klees: So you were not privy to any of those discussions?

Mr. Steve Farquhar: I understood what the strategic direction was. I don't know when the decision was made, but if I could just comment briefly: As a service operator, I know that there were vendors that we were contracting with that had dispatch reliabilities in the 70s. Ornge air now is in the high 90s.

Mr. Frank Klees: Can you provide those statistics for us, please?

Mr. Steve Farquhar: I can ask the aviation department for them.

Mr. Frank Klees: Yes, if you would. This is very important information. Clerk, if you could follow up with Mr. Farquhar?

I think there are two reasons we need that information: first of all, to establish the credibility of the testimony, and second, it's going to be a reflection on the rationale that Ornge had to bring those operations in-house.

The Chair (Mr. Norm Miller): Thank you very much, Mr. Klees.

On to the NDP: Madame Gélinas?

M^{me} France Gélinas: Thank you for being here. I was interested in what you said in your opening comment that

you are happy to be able to take part in this amazing rebuilding process that is under way. You say, "We all acknowledge that mistakes were made, hands were tied, but we're moving forward." The first thing you say as an example of moving forward is, "We have refocused our core mandate...." I'm curious to see where had the focus gone that you are now focusing on providing "a safe, reliable, quality air ambulance service for the people of Ontario." If this is your new focus, where was the old one?

1310

Mr. Steve Farquhar: I think it would be safe to say that there were distractions previously that required resources. It's really now about—the distraction is gone—to move on, to move forward.

M^{me} France Gélinas: Give me a concrete example of this distraction that required resources.

Mr. Steve Farquhar: Well, a distraction is the fact that there was a multitude of people working on different projects, and different people's time was required to work on the for-profit side, the Global.

M^{me} France Gélinas: Did you ever work for the for-profit side?

Mr. Steve Farquhar: I was used as an adviser.

M^{me} France Gélinas: To the for-profit side? And that was during your paid hours at Ornge?

Mr. Steve Farquhar: No, I received a stipend for that.

M^{me} France Gélinas: You received a stipend? I see your salary in 2008 was \$140,000. It went to \$160,000 in 2009. It bumped up almost \$83,000 in 2010, when your salary went up to \$243,900, and then in 2011 to \$249,843.

Mr. Steve Farquhar: That was through VP—that, as I described earlier, was—

M^{me} France Gélinas: Okay. So the money that I see now, does that include the stipend, or is the stipend on top?

Mr. Steve Farquhar: The stipend was \$4.25 an hour.

M^{me} France Gélinas: Okay, and that's included in the—

Mr. Steve Farquhar: Yes.

M^{me} France Gélinas: Okay. Was the \$4.25 an hour paid from the for-profit side, or was it—

Mr. Steve Farquhar: Yes.

M^{me} France Gélinas: It was paid from the for-profit.

Can you give me an example from your day-to-day of the distractions where you had to give advice to the for-profit? What kind of advice were you giving?

Mr. Steve Farquhar: There were different planning committees and things that were set up where different people in different business units were required to attend and sit on that and give input, certain deliverables, advice, feedback. Those were some things that were created that created additional work.

M^{me} France Gélinas: Okay. You also say in your statement, "Here are some examples of the changes at Ornge" that you are proud to be part of: "We are working

closer with our EMS partners, hospital stakeholders and, of course, the MOH emergency health services branch."

Could you give me examples of how you are working closer with the emergency health services branch?

Mr. Steve Farquhar: Yes. We've had several meetings. We've worked out the amended performance agreement with them. The communications are more open. I'm sending a lot of operational metrics and reports over to the branch on a regular basis.

M^{me} France Gélinas: Who do you connect to at the branch?

Mr. Steve Farquhar: Tony Campeau and Rob Nishman.

M^{me} France Gélinas: Okay. Who did you liaise with before?

Mr. Steve Farquhar: It was still Tony and Rob.

M^{me} France Gélinas: It was the same. How has that changed?

Mr. Steve Farquhar: Now we're sharing more information. The branch is asking for more information than they did in the past, and we're providing more information. We're trying to work through some of the issues that need attention in the new amended performance agreement. Those are all where we're coming together: We're meeting more; we're trying to plan more. We're reaching out more to our stakeholder hospitals and the EMS groups.

M^{me} France Gélinas: Okay. So this \$4.25 stipend you got for helping the for-profit, are you still getting this?

Mr. Steve Farquhar: No.

M^{me} France Gélinas: And are you still providing advice to the for-profit?

Mr. Steve Farquhar: No.

M^{me} France Gélinas: Are there any for-profit ventures still up and going?

Mr. Steve Farquhar: No.

M^{me} France Gélinas: Okay. When they were going on, did you ever talk to the people in the emergency health services branch about what was going on?

Mr. Steve Farquhar: No, I didn't talk to them about that.

M^{me} France Gélinas: Did you keep it away from the ministry on purpose?

Mr. Steve Farquhar: No.

M^{me} France Gélinas: So how was it that you did this job for years and talked to the same people for all those years but you never talked about the for-profit?

Mr. Steve Farquhar: My focus was always on operations in Ontario, so if I was asked to sit on a committee or an advisory group that was—I don't think it was really any concern with the ministry, so it was never discussed.

M^{me} France Gélinas: At this time last year, how much of your time were you spending advising, sitting on committee, for the for-profit side of Ornge?

Mr. Steve Farquhar: I can't say; probably—I don't know—five or six hours a week.

M^{me} France Gélinas: How many different committees were there?

Mr. Steve Farquhar: There was just one committee that met regularly, every Thursday. It was just the take-aways, the follow-ups that you had to do on it and some of the research and background stuff that you had to do.

M^{me} France Gélinas: What was the name of that committee and who was there?

Mr. Steve Farquhar: It was the Global planning or something like that, along those lines.

M^{me} France Gélinas: Global as in referring to Ornge Global?

Mr. Steve Farquhar: Yes.

M^{me} France Gélinas: Okay. Global planning? And who was there?

Mr. Steve Farquhar: It was a cross-functional committee, so there were a number of directors from across the organization at different business units.

M^{me} France Gélinas: Can you name me some names?

Mr. Phil McNeely: Mr. Chair, I'm having difficulty hearing this.

Mr. Steve Farquhar: Sorry.

The Chair (Mr. Norm Miller): If you don't mind moving closer.

Mr. Steve Farquhar: It's probably that I turn my head; sorry about that.

M^{me} France Gélinas: Can you name me some names?

Mr. Steve Farquhar: Yes. There was the director of procurement; there was the—

M^{me} France Gélinas: The name of the director of procurement?

Mr. Steve Farquhar: Gabe Aivazian. There were medical people on there, so there was the chief of staff, Dr. Bruce Sawadsky. There was myself. There was Kelly Long. There was Carrie Anne Brunet. There was a project manager. There were people from different levels in finance.

M^{me} France Gélinas: Can you name me some names?

Mr. Steve Farquhar: I'm not sure what her last name is—June, from finance. We had the VP of marketing for Global there. The VP for sales was there.

M^{me} France Gélinas: And who are those people?

Mr. Steve Farquhar: I can't remember their names right now. I didn't have much interaction with them. Greg was one fellow. I'm trying to remember the other fellow's name; I can't remember.

M^{me} France Gélinas: Some of the people you have named to us are people that we know worked for Ornge, the not-for-profit, and also worked for the for-profit and you would meet every Thursday. So everybody knew that they were working both sides?

Mr. Steve Farquhar: My understanding was that you were supposed to track your hours, so if you did work for this, then you would track your hours and you would submit your hours, so that there would be no time where you were charged time that you were spending at Ornge over to the Global side.

M^{me} France Gélinas: And this tracking system: Was it manual? Was it online?

Mr. Steve Farquhar: They would ask you to submit your hours that you put in for that, for those times.

M^{me} France Gélinas: Okay, so you submitted that on a piece of paper?

Mr. Steve Farquhar: It was an Excel spreadsheet or something.

M^{me} France Gélinas: Okay, and who did you send that Excel spreadsheet to?

Mr. Steve Farquhar: It went into finance.

M^{me} France Gélinas: Do you know who at finance received those?

Mr. Steve Farquhar: I'm not sure who took down my—

M^{me} France Gélinas: How often would you submit those?

Mr. Steve Farquhar: I think it was once every two weeks or monthly or something.

M^{me} France Gélinas: You don't do that anymore?

Mr. Steve Farquhar: No.

M^{me} France Gélinas: Once every two weeks or monthly, do you remember doing this on a regular basis? Every Thursday you attended that meeting, so every week you had to report that you had spent time on the for-profit side.

Mr. Steve Farquhar: Yeah, they just didn't want anybody spending time on the for-profit side and then getting paid by Ornge at the same time. If you spent time on the for-profit side, then you were to submit the hours. You didn't get any money for it; they would just reconcile the financials, I guess, on it.

M^{me} France Gélinas: So that would be a pretty ethical way to handle this, would you say?

Mr. Steve Farquhar: Yeah. I don't think the intention was to have people working for Ornge and then spending time on the Global side.

1320

M^{me} France Gélinas: Okay. Do you believe that Dr. Mazza behaved ethically?

Mr. Steve Farquhar: A lot of the stuff that came out in the paper—I mean, personally? Do I believe it? It doesn't seem so.

M^{me} France Gélinas: Because of what you've read in the paper?

Mr. Steve Farquhar: I didn't know about some of the stuff going on, so when you read it in the paper, it's concerning.

M^{me} France Gélinas: Does the picture make sense now that you've read what you've read in the paper, now that you know what you know? Did you ever know how much Dr. Mazza was being paid?

Mr. Steve Farquhar: No. I was very surprised.

M^{me} France Gélinas: You were very surprised?

Except for communicating with the emergency health services branch, did you have any other communication with the ministry?

Mr. Steve Farquhar: No.

M^{me} France Gélinas: No? Okay.

My colleague wants to ask a few questions.

Mr. Jagmeet Singh: Thanks. So, in terms of the requirements to provide reports to the ministry, were you involved with any of those reports?

Mr. Steve Farquhar: We used to send a lot of reports. Are you talking about operational reports?

Mr. Jagmeet Singh: Yes, because you were responsible for operations, which would involve some patient care issues. Is that correct?

Mr. Steve Farquhar: The patient care issues were dealt with on the clinical—so the base hospital side. Operations doesn't deal with patient care issues.

Mr. Jagmeet Singh: Sure. Who would be involved with patient care, then?

Mr. Steve Farquhar: That would be clinical affairs. It's equivalent to a base hospital. So that would be Dr. Bruce Sawadsky, who's the chief of staff.

Mr. Jagmeet Singh: Okay, perfect.

With operations, did you provide reports back to the ministry on a regular basis regarding how the operations were conducted at Ornge?

Mr. Steve Farquhar: Yes. We would provide operational reports back to the ministry. We would go up and meet with the branch when Dennis Brown was there, before he retired.

Mr. Jagmeet Singh: And how often did you provide those reports?

Mr. Steve Farquhar: They were less frequent than they are now. So they would be more on an ad hoc basis.

Mr. Jagmeet Singh: What was the frequency?

Mr. Steve Farquhar: Mostly when they asked; if they asked for reports, then we would provide them.

Mr. Jagmeet Singh: How often did they ask during the time you were there?

Mr. Steve Farquhar: There wasn't a large request asking for certain reports—only usually if there was something specifically that they were interested in.

Mr. Jagmeet Singh: Just give me a ballpark. Was it once a year, was it once a month, was it once every week?

Mr. Steve Farquhar: I would say probably two times a month, somewhere around there.

Mr. Jagmeet Singh: Okay. So two times a month the ministry requested reports, and you provided those reports?

Mr. Steve Farquhar: Yeah. It would be an investigation report. It might be something that they were following up on.

Mr. Jagmeet Singh: Did you ever say, "No, I won't send you a report" or did you ever create any difficulties?

Mr. Steve Farquhar: We can't say that. It's against the Ambulance Act.

Mr. Jagmeet Singh: Indeed. So you were aware of this responsibility and you complied whenever you were asked to provide any information. You'd agree with me that that was the same for the entire organization: If there was ever a request from the ministry, you or someone in Ornge would respond?

Mr. Steve Farquhar: I can't speak for other departments. I'm just speaking for operations. I would comply. If the ministry asked for any information, we would provide it.

Mr. Jagmeet Singh: Why is that? Why would you respond?

Mr. Steve Farquhar: It's required under our performance agreement. It's under the Ambulance Act as well.

Mr. Jagmeet Singh: Certainly.

With respect to what went on in Ornge, many of your colleagues either were fired or resigned. Why did you stay?

Mr. Steve Farquhar: Why did I stay?

Mr. Jagmeet Singh: Yes.

Mr. Steve Farquhar: I was asked to stay. I was not released. As I said in my opening statement, I do believe that I can still contribute to Ornge going forward.

Mr. Jagmeet Singh: Who asked you to stay?

Mr. Steve Farquhar: The CEO. I have not been released, so—

Mr. Jagmeet Singh: Okay. And how much did the ministry know about what was going on in Ornge?

Mr. Steve Farquhar: With the whole debacle going on?

Mr. Jagmeet Singh: Yes.

Mr. Steve Farquhar: I have no idea.

Mr. Jagmeet Singh: And with respect to your particular department, you apprised the ministry of everything that was going on in terms of your department?

Mr. Steve Farquhar: Yes. If the branch asked me for something, I would provide it. I wouldn't hold anything back.

Mr. Jagmeet Singh: You were asked questions about the initial mandate of Ornge. You'd agree with me that the initial mandate of Ornge was not to set up its own fleet of either helicopters or airplanes; it was to provide ambulance care?

Mr. Steve Farquhar: Yes.

Mr. Jagmeet Singh: Okay. Certain issues have arisen that Ornge misled the ministry. Do you have any response to that?

Mr. Steve Farquhar: I was never involved in those meetings. I read about them in the paper, I've heard the allegations, but that was above my level. I had never had any meetings with the government or the ministry on any level like that.

Mr. Jagmeet Singh: Okay. You want to jump in?

M^{me} France G  linas: Okay. Did anybody from the ministry ever come to the headquarters of Ornge?

Mr. Steve Farquhar: Yes.

M^{me} France G  linas: Who did?

Mr. Steve Farquhar: Malcolm Bates; Tony Campeau, I believe had been there before. We used to mostly go up to 5700 Yonge to meet with them, but I had seen them at Ornge head office before.

M^{me} France G  linas: Had they ever commented about the NDP-orange motorcycles?

Mr. Steve Farquhar: No.

M^{me} France G  linas: Let's just call them "the motorcycles."

Mr. Steve Farquhar: It was sitting in the lobby for a number of months.

M^{me} France Gélinas: And nobody commented about them? Nobody asked where they came from, who paid for them?

Mr. Steve Farquhar: There was a sign up there that gave a bit of history on it, so you'd just have to go up and read the sign.

M^{me} France Gélinas: And when the ministry people walked by, they never asked any questions?

Mr. Steve Farquhar: I wasn't there. I wouldn't be touring that delegation going through.

M^{me} France Gélinas: Were you aware of what Ms. Long was asked to do when she was brought into Ornge to fulfill a research mandate?

Mr. Steve Farquhar: I wasn't aware of what her duties were.

M^{me} France Gélinas: You didn't know what she was doing?

Mr. Steve Farquhar: No. When she came on she was involved with corporate communications, and that's the only role that I knew her to have until she escalated up through the ranks.

Mr. Jagmeet Singh: Were you a shareholder of any subsidiaries that Ornge had? Ornge Peel, Ornge Global? Were you a director or a head of any of those subsidiaries?

Mr. Steve Farquhar: No, sir.

Mr. Jagmeet Singh: Okay.

M^{me} France Gélinas: What is Ornge Brazil?

Mr. Steve Farquhar: I don't know. I believe they were looking at trying to get into Brazil, so I'm assuming that they named the company Ornge Brazil, I guess.

M^{me} France Gélinas: We were told that the for-profit entities were set up so that we could leverage knowledge and skills that we had developed here in Ontario elsewhere so that it would benefit the people of Ontario. Were you ever told that?

Mr. Steve Farquhar: Yes.

M^{me} France Gélinas: You were told that. Could you describe to us any benefits that the people of Ontario got out of those entities?

Mr. Steve Farquhar: Well, my understanding was, and I thought, and in my training that I've had in the MBA, that a public-private partnership can be very valuable if the shareholders' value increases, which is the people of Ontario. I had no idea until I read in the paper that it was 3%, because I actually thought that if we could reduce the taxpayers' burden and we could create value for them, that that would be very noble and something to do. When I found out that it was 3%, I personally was quite upset about that.

M^{me} France Gélinas: What would you have seen as a good deal for Ontario?

Mr. Steve Farquhar: Well, if they're using Ontario resources and that, it should have been the majority of the share coming back into the province.

Mr. Jagmeet Singh: Would you agree with me that the shift between when Ornge was using private companies to provide aircraft and helicopters and then when

Ornge started creating its own fleet— that patient care and operations went down?

Mr. Steve Farquhar: I don't believe there's any evidence of that.

Mr. Jagmeet Singh: Would you agree with me that there were less bases in remote communities and it increased wait times to be able to respond to those communities in different parts of Ontario?

Mr. Steve Farquhar: No. It would be hard to make that correlation between the two because of the differences in the demographics and the call volumes. There are so many factors involved in that. But we didn't reduce or shut down any bases. As a matter of fact, Ornge actually, within the same funding envelope, added a fixed-wing aircraft up in the Thunder Bay base. We didn't have the \$1.2 million to put the paramedics on it, but we did put a fixed-wing aircraft up there.

Mr. Jagmeet Singh: Actually, the total number of bases across Ontario decreased when Ornge created its own fleet. The amount of bases that were spread out across Ontario reduced in number.

Mr. Steve Farquhar: No, sir.

Mr. Jagmeet Singh: You don't agree with that statement?

Mr. Steve Farquhar: No.

M^{me} France Gélinas: It could be interesting for us. Could you submit that information as to what you believe is the number of bases and where they are? There seems to be a bit of a discrepancy.

You knew that last spring, the Auditor General was auditing Ornge.

Mr. Steve Farquhar: Yes.

M^{me} France Gélinas: Was that ever discussed at any management committees?

Mr. Steve Farquhar: That we were being audited?

M^{me} France Gélinas: That you were being audited by the Auditor General?

Mr. Steve Farquhar: Yes. I spoke to the Auditor General's office, the group that was there, probably 10 or 12 times.

M^{me} France Gélinas: Okay. And the fact that the auditor was there, was this ever talked about at the management committee?

1330

Mr. Steve Farquhar: The fact that the auditor was there? Yes. We were just told to co-operate fully and, you know, prepare whatever documents that we were asked by—I think the lead on it was Naomi, and I met with her several times and provided a lot of documentation. We had a lead person that would go ahead and collect the documents and provide it. I spent a lot of time trying to explain how the system works, because I know it's very complex.

M^{me} France Gélinas: Okay. When did you become aware that the auditor had had a problem getting to some of the money issues at Ornge?

Mr. Steve Farquhar: I wasn't aware of that. I met with Naomi and her team, like I said, about 12, maybe 15 times. Mostly we discussed operations, you know, and

we didn't really talk about any finances or anything like that, because it wasn't my department.

M^{me} France Gélinas: Except for the people that you name from the emergency health services branch, did you ever talk to anybody else at the Ministry of Health?

Mr. Steve Farquhar: No. I think, at my level, it was really—well, EHS branch was the one that we spoke to.

M^{me} France Gélinas: And nobody from the Premier's office ever contacted you either?

Mr. Steve Farquhar: No.

Mr. Jagmeet Singh: You indicated in your statement, "We all acknowledge that mistakes were made" and "hands were tied." How were hands tied?

Mr. Steve Farquhar: Well, I think there were certain instances where there was, you know, policies or things that we wanted to—we felt that we could probably change, but it wasn't supported by—

Mr. Jagmeet Singh: What's an example?

Mr. Steve Farquhar: Maybe using aircraft in north-western Ontario and contracting them from Manitoba if we were short of aircraft, to bring them in on a tariff rate, a set tariff rate.

Mr. Jagmeet Singh: And how were your hands tied to do that? Who tied them?

Mr. Steve Farquhar: Well, Dr. Mazza didn't want to use any aircraft from outside the province.

Mr. Jagmeet Singh: You say, "We all acknowledge that mistakes were made." What mistakes were made that you acknowledge?

Mr. Steve Farquhar: Well, I mean, clearly, there were mistakes made in the sense that some policies were implemented. They were all done with the patient focus and trying to run the operations, but afterwards, we've reversed them. So there was mistakes made like that. I think we all make mistakes. I think the big point is that we recognize them, we stop them, and we take that as a lesson learned.

M^{me} France Gélinas: So some policies that were implemented for patients were reversed? Explain to me; give me an example of that.

Mr. Steve Farquhar: I'm sorry, I—

The Chair (Mr. Norm Miller): You have two minutes left.

M^{me} France Gélinas: When my colleague asked you, "We all acknowledge that mistakes were made"—he asked for you some of the mistakes. You just answered that, "We had some policies implemented," and then you changed them.

Mr. Steve Farquhar: Yeah.

M^{me} France Gélinas: And that was the mistake, changing them?

Mr. Steve Farquhar: No. As Mr. Klees pointed out, the launch policy: It was generated out of the Auditor General's report to try to reduce the cancelled calls. There was 4,600 of them. And operations—we felt that it wasn't simply a money issue with that, but it was also an issue of resources, and if those resources weren't used effectively, they were taken away from another patient that may have needed them. So that was an example

where the initial launch policy was put into place. There was a communication breakdown in that, and in some cases, in retrospect, that policy was changed. So that would have been what we would consider not a—you know, a lesson learned in that, as an example.

Mr. Jagmeet Singh: Should the ministry have known what was going on at Ornge?

Mr. Steve Farquhar: Should the ministry have known?

Mr. Jagmeet Singh: Should the ministry have known what was going on at Ornge?

Mr. Steve Farquhar: The emergency health services branch had it in the performance agreement to come in any time they wanted to.

M^{me} France Gélinas: But they never came?

Mr. Steve Farquhar: They did come.

M^{me} France Gélinas: But when they came, they didn't ask about salaries, they didn't ask about corporate structure, they didn't ask what share of the revenue from the for-profit was actually coming in to the not-for-profit?

Mr. Steve Farquhar: I can't comment on that because I never met with them. It wasn't at my level that they would come over and meet. I mean, we would talk on the phone about operational issues, but at that level of coming over and having those discussions, I wasn't privy to those.

The Chair (Mr. Norm Miller): Thank you. You're out of time now.

Mr. Jim McCarter: Mr. Chair—

The Chair (Mr. Norm Miller): Yes, sorry. The Auditor General would like to make a comment.

Mr. Jim McCarter: Just in fairness to Mr. Farquhar, the issue of co-operation did come up and I should say that I have raised the issue that some of the individuals weren't necessarily all that forthright. I'd have to say Mr. Farquhar was very co-operative and any time we wanted to meet, he was more than willing to meet with us.

Mr. Steve Farquhar: Thank you, sir.

The Chair (Mr. Norm Miller): Thank you for that clarification.

Mrs. Liz Sandals: Thank you for that because that's helpful.

The Chair (Mr. Norm Miller): On to the government: Who would like to ask questions?

Mrs. Liz Sandals: Starting with Reza.

The Chair (Mr. Norm Miller): Mr. Moridi?

Mr. Reza Moridi: Yes. Thank you, Mr. Farquhar, for taking the time and appearing before this committee. Mr. Farquhar, could you please let us know how long you've been with Ornge?

Mr. Steve Farquhar: I was with Ornge from the beginning, but I started with the Sunnybrook base hospital in 2000, which was when Dr. Mazza was there.

Mr. Reza Moridi: So you have been with air ambulance services for over 10 years, over a decade, at Ornge and its predecessor company?

Mr. Steve Farquhar: Yeah. I started the air ambulance in 1990 and I started with Sunnybrook base hos-

pital that turned into the Ontario air ambulance and then eventually into Ornge in the year 2000. So I've been there 12 years.

Mr. Reza Moridi: Given the fact that you have been there for over a decade, how would you see the transformation of the air ambulance services and the system in the province, and how did it affect patient care?

Mr. Steve Farquhar: I can honestly say, I know that when you look at things now, it's very difficult to sometimes understand why there's a single medic on an aircraft or there's downstaffing, but I've been in the business 30 years and I can honestly say that—and I've worked there on the aircraft for a number of years—the system is much better. I think that the people of Ontario have a really wonderful system. I've been all over the world. I have colleagues that are in air ambulance, and it's a system that we can be very proud of.

Mr. Reza Moridi: Mr. Farquhar, given the fact that you are a paramedic yourself, based on your background, education and training, how would you interact with paramedics and how would you see the province's air ambulance services?

Mr. Steve Farquhar: So, I interact with the paramedics through base visits. Many of the paramedics that are out in the field now, many of them I've trained. I've worked inside the helicopter with many of them. I do get a lot of phone calls and discussions from the paramedics. I've got an open-door policy. They can call me on my cell any time or in my office and discuss. I have had feedback from the paramedics, and we try to implement that feedback from the paramedics because I value their opinion very much. I don't think there's anybody that can bring more to the table than those people that work on the front lines.

Mr. Reza Moridi: Currently you are VP of operations, I believe. Could you explain a little bit about what is involved in your responsibilities as VP of operations at Ornge?

Mr. Steve Farquhar: So, VP of operations: the responsibilities include all the day-to-day activities in the field, the bases, the paramedics and the operations managers and the director of operations and the associate VP. We do a lot of work with hospitals, so I also sit on a lot of committees working with the stakeholders in the province, if they have issues that involve air ambulance or air transport. I sit on the Trillium Gift of Life donations steering committee. I've worked with the North West LHIN. So we try to be, I guess, that liaison between the stakeholders and the issues that they would face with transport because it's complex.

Mr. Reza Moridi: So you're involved in various areas, I believe, in the operation of Ornge. Which area is your main focus of attention currently?

Mr. Steve Farquhar: It would be field operations. At my level, because we've got operations managers, we've got a director of operations and an associate VP of operations, a lot of times I try to work more with stakeholders. I try to make sure that system issues are in place and that we're delivering those according to our performance agreement.

Mr. Reza Moridi: Thank you. I know this question was asked before by my colleagues from the NDP, but I would like, just for the record, to ask this question again: You were a member of senior management at Ornge and currently you're also a member of the senior management at Ornge. As we all know, the management and governance structure at Ornge has changed recently. So what made you to be kept as vice-president of operations at Ornge?

1340

Mr. Steve Farquhar: I'm sorry; I didn't understand.

Mr. Reza Moridi: You were a member of the senior management of Ornge before—

Mr. Steve Farquhar: Yes, sir.

Mr. Reza Moridi: —and after the changes made just recently to the board of directors of Ornge and the senior management, they kept you as vice-president for operations.

Mr. Steve Farquhar: Yes.

Mr. Reza Moridi: Why did they keep you?

Mr. Steve Farquhar: I'm assuming they felt that I could contribute positively to the organization. It is a very complex organization. There's a lot of moving parts, and I believe that there are a lot of good people that work there that were not involved in all this. They came in every day, looked after the patients and tried to do their job the best they could. I think that was part of it, that I was focused on taking care of the patients and running the operation.

Mr. Reza Moridi: So would you say that the irregularities as we've all seen, and we have read in the papers and is also discussed in various locations, including in this committee—this is all related to the governance and the management? But the front-line staff, the middle management and even people at your level, as VP of operations, have been doing a good job at Ornge to provide service and care to patients?

Mr. Steve Farquhar: Yes, I believe so.

Mr. Reza Moridi: Would you think, Mr. Farquhar, that the recent developments, in terms of changing the board of directors of Ornge, have resulted in the improvement of service at Ornge?

Mr. Steve Farquhar: Yes. Yes, I do. I met Dr. Barry McLellan a couple of weeks ago, and he was my old base hospital physician at Sunnybrook. Dr. McLellan has always been sort of a hero to me. He's just a great guy. I met some of the board members, and they're very focused on Ornge. I know that they're a great bunch of people and that we're going to go do great things.

Mr. Reza Moridi: In the past, we have heard that at Ornge the employees weren't allowed to come out and speak. Under the new management structure at Ornge and also in your position as VP of operations, do you plan or are you thinking to give more freedom, basically, to employees to come out and speak their mind on whatever they see in the organization—their opinion, their comments?

Mr. Steve Farquhar: Yes, and, you know, Ron McKerlie has done an excellent job at that. He im-

mediately started off by holding town halls, and we had those on a weekly basis. He kept us up to date—because it was pretty frightening for everybody, on what was going on there; there were a lot of people that had no idea—and they were kept in the loop. He continues to send out updates weekly. He went out and went around to every single base and talked to the paramedics and asked them, “What can we do to make it better?” He’s allowed all kinds of emails to come in from anybody at any time—very open-door policy. He’s very personable. Totally, I’d say, he’s a breath of fresh air.

Mr. Reza Moridi: So are you saying that now at Ornge, we have a very open environment, where people can come out and speak their minds without any fear of being fired or punished?

Mr. Steve Farquhar: Yes, sir, which is great to see.

Mr. Reza Moridi: Yes. Thank you. Now I’ll pass it on to my colleague.

The Chair (Mr. Norm Miller): Ms. Sandals.

Mrs. Liz Sandals: Thank you very much. You described to Mr. Klees who reports to you. When I see references to various people at Ornge, I’m always quite amazed by the number of people who have vice-president or associate vice-president or assistant vice-president or chief of this or chief of that—just how many are there on the team at Ornge who have these executive titles?

Mr. Steve Farquhar: I don’t—

Mrs. Liz Sandals: Give me a ballpark.

Mr. Steve Farquhar: Yeah, I know—I think associate VPs, there might be just a couple left now. It was, I believe, a position that was put in to help take over the day-to-day operations and sort of a promotion not quite to the full level of vice-president but a step up there.

Mrs. Liz Sandals: Because you described to Mr. Klees who reports to you, can you then take us the rest of the way up the chain? Who did you report to, and then, in turn, on their way to the top?

Mr. Steve Farquhar: Yeah. So I reported to the chief operating officer of Ornge, who is Tom Lepine. Tom Lepine reported to Dr. Chris Mazza.

Mrs. Liz Sandals: Okay, so he reported directly to the president then, Lepine. Okay.

Mr. Steve Farquhar: Yes. Each of the business units had a chief operating officer that was responsible for that business unit.

Mrs. Liz Sandals: So there were a number of people with the COO, the CFO or some such title?

Mr. Steve Farquhar: Yes, there was the “C” suite. There was a group of offices in there that was the “C” suite.

Mrs. Liz Sandals: And they came in above the vice-presidents?

Mr. Steve Farquhar: Yes.

Mrs. Liz Sandals: That helps clarify. And you spoke about, then, this difficult issue of the design of the medical interior of the helicopters, and I understood you to say that there was a team sent to Switzerland—

Mr. Steve Farquhar: Correct.

Mrs. Liz Sandals: —and that there were two paramedics, a physician and somebody else on that team? I didn’t catch you.

Mr. Steve Farquhar: Yes. There was a project manager that went and Tom Lepine went as well.

Mrs. Liz Sandals: So when they came back, it was Mr. Lepine and Mr. Potter who were responsible for approving the medical interiors which were actually ordered?

Mr. Steve Farquhar: Yes, the sign off would have been at the COO level.

Mrs. Liz Sandals: And then obviously, as we know, there has been a lot of conversation around the problems with that. I wonder if you could tell us a bit about how things have evolved in terms of working that out; can you walk us through the steps in improving the medical interiors?

Mr. Steve Farquhar: Yeah, absolutely. The first time we saw the aircraft when they showed up, there was concerns raised by the paramedics about the height of the pedestal. That was sort of the crux of the issue, that there just wasn’t enough room between the pedestal height—and I do have pictures if anybody would like to see them. When you tried to sit the patient up, there wasn’t enough room in a high Fowler’s position; they would be too close to the ceiling. So we immediately went to the manufacturer. Well, let me back up; before we did that, the CPR issue, we put in a protocol where you released the bed—it’s very difficult to understand, but you turn it transversely across the cabin and then you can lower it so now you can start doing CPR.

Mrs. Liz Sandals: So you rotate the stretcher and you lower it a bit so you can—

Mr. Steve Farquhar: And then you can do CPR. That was the quick fix on it, keeping in mind that everything that you do in a helicopter—and this is back to my point on highly regulated—has to go through. The helicopter was an Italian helicopter, so that’s under EASA, which is the European aerospace administration. It was bought in Philadelphia, so it’s under the FAA, the Federal Aviation Administration, and it’s flying in Canada, so it’s under Transport Canada. There’s a number of regulations. So we went back to the manufacturer and advised them that this was not working. We had the specs pulled on it. They assured us that it was done within spec of what was given to them and—

Mrs. Liz Sandals: Can I just interrupt? Because we did have this earlier conversation with Agusta, and they sort of said, “No, we had nothing to do with the interiors; it was all the Swiss firm.” Who were you going back to at this point, the medical interior firm or Agusta?

Mr. Steve Farquhar: Agusta didn’t have anything to do with the interior. This was Aerolite, so this is the Swiss firm. They were co-operative. We said, “We need to have that stretcher go right down so that the patient is actually flying what is called transverse.” We found out that that’s not an easy thing to do even though the stretcher would go down because there’s a 16G forward path load on that stretcher. It’s not tested for that; it was

tested for longitudinal. So if you turn somebody sideways, it changes it. We had to get all the engineering drawings and redraft them. They had to do dynamic crash testing, pull testing. That took almost a year. In the meantime, Jim Feeley, VP of aviation, was working with me to try to get what's called an exemption under Transport Canada, which would essentially be the same as if you had a fractured clavicle and you had a letter that said you can't wear the seat belt. We thought that was going to be a relatively quick process; it turned into several, several months, almost a year. Finally, I was awarded the exemption on February 2, and that exemption is good for one year. What we're doing in the meantime is I've pulled together a team of paramedics. We call it the interior committee. We have an operations manager who helps lead it, but it's all paramedic-led. This is their office. This is the way they need to make the calls on this.

1350

An RFP will go out now for an interim solution, and I do have some of the—this is a picture of what the interim solution will look like.

Mrs. Liz Sandals: This is a mock-up in someplace other than in the actual helicopter?

Mr. Steve Farquhar: Yes. This is actually in place, but these pictures here show some of the problems that we've faced with the interior. The RFP will go out. We have very tight timelines on this. We're expecting a quick turnaround on this. There are a number of improvements that are going to be made to this medical interior. The final solution is going to be a permanent solution which will probably come online somewhere near the end of 2014, I would imagine, because that's how long these things take. It sounds really ridiculous, but that's how long.

Mrs. Liz Sandals: For this redesigned interior, who all do you have to go through the rounds for approvals, then? What all agencies will be required to approve?

Mr. Steve Farquhar: We would work with what's called DAR, which is a designated airworthiness rep.

Mrs. Liz Sandals: From?

Mr. Steve Farquhar: Right now, the one who we have is James Mewett from Airtech. They actually are Transport Canada's representatives.

Mrs. Liz Sandals: Okay.

Mr. Steve Farquhar: Essentially—they know all the regulations—they work within that.

It's very complicated and it takes a lot of time, but these are some things that should have been done in the first place. We are going to put a prototype out there and I want it flown at different bases around the province for a couple of weeks at a time so that we can get the feedback from the paramedics; because if the paramedics don't like it and it's not working, then we're back to the drawing board.

Mrs. Liz Sandals: So, as Madame Gélinas suggested, you will be taking the rebuilt interior, doing prototype testing with your paramedics on the ground, and then once they've worked out any remaining kinks, I assume that you do have to go back to Transport Canada for final approval?

Mr. Steve Farquhar: Yes. Transport Canada would get all the specs. Before we could fly it even in a demo with a patient on it, they would have to approve it.

Mrs. Liz Sandals: And does it have to go back to the Italians or the Europeans? Or this is strictly a Transport Canada issue?

Mr. Steve Farquhar: Aerolite owns what's called the STC on the interior—supplemental type certificate—so we have to work with them. They would have to provide all the specs for that interior. The manufacturer would be very involved in this.

Mrs. Liz Sandals: Thank you for that. It's helpful to get that detailed technical description, even if we don't understand it, because I think it inspires some confidence that somebody who knows what they're doing is on the case.

You mentioned earlier, because we're very concerned about patient safety, that there was a disconnect—and I think I'm quoting you correctly—between the definition of a “significant adverse event” at the Ministry of Health and at Ornge. Could you expand on that and then what you're doing to resolve that disconnect? I presume you are.

Mr. Steve Farquhar: Yes. “Significant adverse event” has a definition under Ornge. I believe the Auditor General's report said there were 21 SAEs, and when we went back and looked, there were actually only five. I think it was probably just the definition. We met with the ministry EHS branch and we spoke with them. That was one of the things that they reported, too. The thought was that perhaps we are over-reporting at this point. I think we need to sit down and we need to define what a significant adverse event is. It's not operations that defines an SAE; it's actually clinical affairs. For example, if a medication was given in error, even though it may not have had any direct impact on the patient, it could be deemed as a significant adverse event, and that might be over-reporting.

Mrs. Liz Sandals: So it's a case of there was an error made; it isn't necessarily that the consequence of the error was life-threatening. Is that a fair comparison?

Mr. Steve Farquhar: Yes. I don't have the exact words, but it's something, too, that would impact the patient function, that type of thing. It could include up to morbidity, but I guess it depends on where it impacted along that continuum. I think it's important when we met with the ministry to get that SAE defined so that we're all reporting accurately on those things that are impacting our patients.

Mrs. Liz Sandals: Thank you. Mr. Zimmer has a few questions.

Mr. David Zimmer: Just briefly, the Auditor General had a number of problems with operations at Ornge. So how are you dealing with these problems that the AG raised?

(1) The communications centre was having lots of problems getting the documentation for proper dispatch decisions; that led to problems; (2) the delay in aircraft launch; that led to problems; (3) the shortage of trained

paramedics; that led to problems. And the Auditor General's final sentiment that he felt he was being stonewalled by the former leadership. What are you doing about improving the relationship? Plus an answer to those three questions.

Mr. Steve Farquhar: The Ornge communications centre is being restructured. We're redesigning it now so that there are specialized people dealing in specialized functions. The way it was operating before, it was sort of, if you were taking medical information or you were doing flight planning, you were able to sit on all desks. We are reorganizing that; we're restructuring it. We're giving more training to the communications officers. We're looking at scripted responses to implement into the Ornge communications centre so that information isn't missed. That's some of the movement that we have on the Ornge communication side.

For the paramedics, for the training, I mentioned in my opening remarks that we were looking at reintegration. Part of the problem was that some of the paramedics, if you were off on mat/pat leave, and you were gone for eight months, your reintegration could include six months to get back and get reintegrated. We've met with clinical affairs, we've met with the academy of transport medicine and we've shortened those times. We've tracked them better. We're looking at getting them exposure to some higher-volume bases. So if you were a medic, let's say, up in Moosonee and you didn't get exposed to stuff, that would slow down your reintegration. So we're moving them around in the system.

And I'm sorry, sir, I didn't—

Mr. David Zimmer: The delay in aircraft launch.

Mr. Steve Farquhar: The delay in aircraft launch: We believe that many of the delays were somewhat related to the launch policy, which has been changed.

The Chair (Mr. Norm Miller): And you're on your last minute now.

Mr. David Zimmer: Comment on how the AG felt he was stonewalled by the former leadership. What are you doing to make sure that doesn't happen again?

Mr. Steve Farquhar: I would never do that. I mean, I was working very well with their team.

Mr. David Zimmer: The organization—make sure the organization doesn't do that.

Mr. Steve Farquhar: I would instruct any people who reported to me to give full co-operation.

Mr. David Zimmer: Thank you. Thank you, Chair.

The Chair (Mr. Norm Miller): Thank you very much for your presentation today.

MS. KELLY LONG

The Chair (Mr. Norm Miller): Our next witness is Kelly Long. Welcome, and just to confirm that you've received the letter for a witness coming before the committee?

Ms. Kelly Long: I have. Thank you, Mr. Chair.

The Chair (Mr. Norm Miller): Very well. Our clerk has an oath for you.

The Clerk of the Committee (Mr. William Short): Ms. Long, if you could just raise your hand, please. Ms. Long, do you solemnly affirm that the evidence you shall give to this committee touching the subject of the present inquiry shall be the truth, the whole truth and nothing but the truth?

Ms. Kelly Long: I do.

The Clerk of the Committee (Mr. William Short): Thank you.

The Chair (Mr. Norm Miller): You have five minutes for an opening statement and then the parties will ask questions.

Ms. Kelly Long: My name is Kelly Long. I am a former employee of Ornge Global. I started working for Ornge in 2006 as a communications officer within the corporate communications department. My primary responsibilities—

The Chair (Mr. Norm Miller): Sorry, could you just speak into the microphone a little—not real close, but just a bit? Some of our members are having—

Ms. Kelly Long: My primary responsibilities were the development and execution of proactive stakeholder communications, leading the development of stakeholder analysis and conducting monitoring of stakeholder environments for trends that impact Ornge.

In 2009, I was promoted to stakeholder communications supervisor, which left me with the additional responsibility of assisting in developing, implementing and managing stakeholder strategies and initiatives.

1400

In late 2009, I was asked to take over as acting director for the corporate communications department, where I led the development and management of the overall department. I was asked to do so because my manager at the time was being seconded to fill a gap in the foundation department.

During an organizational restructuring in 2010, I was promoted to director of health care relations and moved over to medical affairs and health care relations, reporting directly to the VP of that department. In that role, I worked closely with senior management to formulate and execute overall corporate strategies, initiatives and new processes to support the growth of the organization, improve stakeholder satisfaction and overall operational efficiency, with a primary focus on patient care and safety.

In mid- to late 2010, I was approached by Luis Navas, the former chief operating officer of Ornge Global, and was asked if I would be willing to be seconded by Ornge Global to help with revenue-generating initiatives. I agreed to do so because I understood that this revenue-generating strategy would ultimately help support the sustainability of Ornge the not-for-profit company.

Eventually, I was transferred over to Ornge Global as a junior executive in 2011. Between 2011 and January 2012, I assisted in sales and marketing activities, but my primary responsibilities were in business development and relationship management, where I worked collaboratively with senior executives on strategic planning, busi-

ness development and execution. I was also responsible for identifying, cultivating and managing relationships with external stakeholders, such as potential clients, channel partners, strategic alliances and suppliers. On January 11, 2012, I was advised that I was being terminated from Ornge due to the bankruptcy.

I'm here today to answer questions and to help in any way that I can, but before I turn it over to the committee members, I would like to say that I was and still am very proud to have been a part of a company so committed to ensuring that not only patient needs are being met but also that quality care is being delivered in a safe, effective and sustainable manner. I believed in Ornge, and I still do. The organization is full of dedicated, patient-focused employees that I was honoured to work beside. I am truly saddened by what has transpired and hope that one day Ornge will regain the reputation that it deserves.

Thank you.

The Chair (Mr. Norm Miller): Thank you for your opening statement.

It's time for the NDP to go first. Ms. Gélinas.

M^{me} France Gélinas: Were you aware of Dr. Chris Mazza's salary?

Ms. Kelly Long: No, I was not.

M^{me} France Gélinas: You found out in the paper, same time as everybody else?

Ms. Kelly Long: I did.

M^{me} France Gélinas: What did you think of it?

Ms. Kelly Long: Really, that's not for me to comment on. What I can say is that it was approved by the board of directors. I understand that they brought in consultants that advised on the compensation. Those same consultants advised on the other executive management team's compensation.

M^{me} France Gélinas: So you rely on—

Ms. Kelly Long: I have full faith with the board. I do.

M^{me} France Gélinas: The board that is no longer there? Okay.

Are you still in contact with Chris Mazza?

Ms. Kelly Long: I am.

M^{me} France Gélinas: Do you know where he is?

Ms. Kelly Long: I think that question would be better directed towards his lawyer, Roger Yachetti, who I believe has communicated to the committee on several occasions.

M^{me} France Gélinas: Okay. I won't ask you where he is. I just want to know if you know where he is.

Ms. Kelly Long: Yes, I do.

M^{me} France Gélinas: Do you want to go in?

Mr. Jagmeet Singh: No, go ahead.

M^{me} France Gélinas: You said that when you went to the for-profit side of Ornge, you felt proud of that work because you thought it was going to bring dividends to Ornge the not-for-profit. What made you think that?

Ms. Kelly Long: The way it was described to me is that we would be leveraging the resources from Ornge not-for-profit to generate revenue and then filter it back into the Ontario not-for-profit company to help sustain and fill that gap that exists.

M^{me} France Gélinas: Did you have any proof of that, that this was actually happening?

Ms. Kelly Long: As I mentioned, I was at a junior executive level, so, did I look at the organizational charts? In the media they had mentioned the shareholders' agreement. I hadn't reviewed that, no, but I—

M^{me} France Gélinas: So you were told that it was going to do some good, and you believed what you were told?

Ms. Kelly Long: Absolutely.

M^{me} France Gélinas: Do you know if Ornge kept the Ministry of Health up to date as to what was going on?

Ms. Kelly Long: Yes.

M^{me} France Gélinas: And how do you know that?

Ms. Kelly Long: I have had several discussions with certain employees at the organization that led me to believe that they were. Was it the Minister of Health? I am not sure. But definitely the bureaucrats within the ministry.

M^{me} France Gélinas: Who told you that?

Ms. Kelly Long: As I recall, I had a conversation once with Jennifer Tracey and she had indicated that—I'm sorry, my memory is not that great, but—

M^{me} France Gélinas: That's okay. We can tell you're nervous. You're allowed.

Ms. Kelly Long: —that she had spoken to someone in the Premier's office, I believe. I had known because I had heard that our COO of Ornge Global, Rainer Beltzner and Alf Apps had actually conducted briefings, and obviously in stakeholder relations I had asked those questions, because the government and the taxpayers of Ontario were one of our key stakeholders and I wanted to make sure that they were informed.

M^{me} France Gélinas: And when you identified those stakeholders, did you identify both the Ministry of Health and the Premier's office? Any other ministry that you had identified?

Ms. Kelly Long: Any ministry that we touched—so it would have been the Ministry of Transportation, it would have been economic development and trade. So there was a number of ministries that had an impact on our organization or we had an impact on them.

M^{me} France Gélinas: And that included the Premier's office?

Ms. Kelly Long: Yes.

M^{me} France Gélinas: You figured your colleagues had had those briefings, so it was your job to identify the stakeholders—the Premier's office, the Ministry of Health, economic development and trade—and you knew that the work was being done to keep those people informed of what was going on at Ornge?

Ms. Kelly Long: At that point, I didn't go that far in terms of, "Did you notify this person? Did you notify this ministry? Did you notify that ministry?" Because I had been moved over and I was primarily focused on the revenue-generating aspect of the business. I'm not quite sure who took over my role as stakeholder manager, but at one point they had, during the reorganization I had mentioned—I don't know if it was around that timing—

had separated me from government relations or, as we would call it, regulatory affairs and government relations, I believe is the exact name of the department, and they were actually responsible. I knew that the government was something that was not going to be in my bailiwick, so I was more responsible for the hospitals, the emergency management service teams, the CACCs central ambulance communication centres. So that was my bailiwick prior to me moving over to Ornge Global.

Mr. Jagmeet Singh: Just to touch on that, while you were involved with stakeholders and government relations, how long was that for?

Ms. Kelly Long: I started in 2006 and was moved over—again, my memory—2010, I believe. If I reference my notes, I think I—

Mr. Jagmeet Singh: That's okay. You did reference that. So while you were involved with stakeholder management, you had identified a number of stakeholders including the Premier's office and various ministries; is that correct?

Ms. Kelly Long: Yes.

Mr. Jagmeet Singh: And identifying them—

Ms. Kelly Long: Well, it's not that I—we knew who our stakeholders were; right?

Mr. Jagmeet Singh: Right. So it was common knowledge, you knew them?

Ms. Kelly Long: It was common knowledge, absolutely.

Mr. Jagmeet Singh: And everyone at Ornge at the executive level—at any level—would know that those are the stakeholders, it's very clear, and everyone at Ornge, including yourself, knew that you'd have to let those stakeholders know what was going on at Ornge?

Ms. Kelly Long: As it pertains to Ornge the not-for-profit and the operational issues that were going on, I believe—but again, I was a junior. I wasn't responsible for actually having those conversations.

Mr. Jagmeet Singh: But you'd indicated before that you were confident that you had heard from people that those conversations and those communications did occur?

Ms. Kelly Long: For what matter, though?

Mr. Jagmeet Singh: Just for advising the ministry and those stakeholders of what was going on at Ornge in terms of the not-for-profit side.

Ms. Kelly Long: Yes. I mean, they had a performance agreement, so within that performance agreement they reported on whatever they needed to report on. So did they report on every single issue or matter? I can't answer that; I have no idea.

1410

The Chair (Mr. Norm Miller): You're on your last minute.

Mr. Jagmeet Singh: In terms of the for-profit side, did you advise the ministry what was going on on the for-profit side?

Ms. Kelly Long: That wasn't my responsibility.

M^{me} France Gélinas: If the ministry would have asked for information, can you see any reason why Ornge would not have given that information?

Ms. Kelly Long: I don't believe that I'm in the position to answer that question. Again, I wouldn't have been responsible for making that decision. I, personally, don't know.

M^{me} France Gélinas: Aside from the people on the board who decided on the compensation for Dr. Mazza, who else in the organization would have known?

Ms. Kelly Long: Regarding his compensation?

M^{me} France Gélinas: His salary.

Ms. Kelly Long: His salary?

M^{me} France Gélinas: If the government had asked his salary, would the government have gotten it?

Ms. Kelly Long: Again, I have no knowledge in terms of his salary. I found out, I believe, probably when you did as well.

M^{me} France Gélinas: You read the papers, just like everybody else?

The Chair (Mr. Norm Miller): And we are out of time, so we'll move to the government. Ms. Sandals.

Mrs. Liz Sandals: Thank you. Good afternoon.

Ms. Kelly Long: Good afternoon.

Mrs. Liz Sandals: It's been very widely reported in the media that you've been in a long-term relationship with Dr. Mazza, so just to confirm, that is true? And it's also been widely reported that you have lived with Dr. Mazza and that you continue to be his partner. Just to confirm, that is true?

Ms. Kelly Long: Well, no, I didn't live with him. There have been circumstances recently that have required me to support the family. I've lived in my own condominium since March 31, 2010—or 2012; I apologize. So I would not categorize myself as living with him.

Mrs. Liz Sandals: Okay, thank you for that clarification.

How did you originally come to know Dr. Mazza?

Ms. Kelly Long: Through work.

Mrs. Liz Sandals: And could you describe your work?

Ms. Kelly Long: Yes. If I may just give a bit of background in terms of where I've come from and where I am today. After I graduated from York University with a BA in arts, majoring in sociology, I became a certified English teacher. During the summer months, I actually was a general manager—operations manager for a sports club. One of my duties was, yes, being a water ski instructor, but that was just one responsibility in that role that I had. I met Dr. Mazza at that club.

Mrs. Liz Sandals: So obviously a relationship developed. We can go back and talk a bit about your working with Ornge, but if we flash forward to the last year or so when the Auditor General was doing his work, did Dr. Mazza ever talk to you about the work that the Auditor General was doing with Ornge?

Ms. Kelly Long: No. We made it very clear that our personal life and our professional life remain separate.

Mrs. Liz Sandals: But you were in charge of stakeholder relations, and one of the most important stakeholder relations is with the government of Ontario and

the officers of the Legislature and the person of the Auditor General. That would seem to me to be part of your responsibility, given the roles that you were just describing to Madame Gélinas.

Ms. Kelly Long: I was actually moved over to health care relations, so I was—

Mrs. Liz Sandals: That would be very important, then, to health care, that you know what's going on with the Auditor General.

Ms. Kelly Long: I was responsible for hospitals, for EMS services, for CACCs—central ambulance communication centres—and ambulance communication services, so I had a set of stakeholders that I was responsible for. There were other individuals that were responsible for the government, the ministries, the Auditor General. There was a team of individuals that we put together who were actually responsible for dealing strictly with the Auditor General. I was not on that team.

Mrs. Liz Sandals: Oh, that would be helpful for us to know, then, given that we're reviewing the auditor's report. Who was on the team that was put together to manage the auditor?

Ms. Kelly Long: I don't know. I know—

Mrs. Liz Sandals: But you've just told us you were a vice-president. How did you not know who was working with the auditor?

Ms. Kelly Long: I was the associate vice-president, and it was still a junior executive role. I do know that Rainer Beltzner was leading the team. In terms of who was actually on that team, I wasn't made aware of; it wasn't something that I felt I needed to concern myself with. There are individuals who were perfectly capable who were dealing with the questions that were coming in and being co-operative with the Auditor General.

Mrs. Liz Sandals: So it's your position that you had absolutely zero knowledge of anything that was going on with the Auditor General over the past year?

Ms. Kelly Long: Other than that they were there, I can't recall that I did, no.

Mrs. Liz Sandals: So are you quite shocked by what came out in the auditor's report, then?

Ms. Kelly Long: I am shocked to the degree that not all the facts were presented within the Auditor General's report.

Mrs. Liz Sandals: Ah. Now, that's interesting. So it's your position, then, that you didn't actually have anything to do with the audit but you're quite sure that he got it wrong?

Ms. Kelly Long: I read the Auditor General's report, and I also read the one in 2005 and some of the recommendations that they put forward. So again, it's my opinion that there were certain things that he failed to mention.

Mrs. Liz Sandals: How much time do I have left?

The Chair (Mr. Norm Miller): You have two and a half minutes.

Mrs. Liz Sandals: Okay. Quickly, then: The way you got involved with Ornge in the first place was, you were working for Pathway Group. We heard this morning from

Mr. Mitchell. He was paying you, it seems, a salary of \$58,000 a year, but then you were seconded back to Ornge, is our understanding. You then went back to work at Ornge. Could you explain to us why you were at Pathway, Ornge was paying your salary, then you went back to Ornge? Why not just hire you at Ornge in the first place, given that Ornge was always paying your salary?

Ms. Kelly Long: I wasn't aware that Ornge was always paying my salary.

Mrs. Liz Sandals: That would appear to be what has come out today.

Ms. Kelly Long: Okay. So that's information to me.

Several years after being a certified English-as-a-second-language teacher and my part-time job at the water sports club, I decided that I was going to pursue other fields of interest, and one was public affairs. So I had started networking with a number of clients who were members at the club and had asked: "If there was anything that came up at your organization, please let me know. I'm interested; I find myself a communicator. I have been engaged in stakeholder relations. If you hear of anything, please let me know."

Dr. Mazza was one of the individuals that I had approached. He had indicated that he didn't know of any positions at Ornge at the time; that they do actually post on the website and the newspaper, so please feel free to monitor the website or the newspaper; and if he would hear of anything else, then he would let me know. I believe it was a short time after that that he indicated that there is a gentleman that I might want to touch base with or contact: Mr. Kelly Mitchell from Pathway Group; that he "may be looking for someone in terms of what you're looking for." So I contacted Kelly Mitchell. I met with him and his partners and presented my resumé and we had an interview, and he subsequently offered me the position.

Mrs. Liz Sandals: And you were totally unaware of the fact that the money to pay that position was actually coming from Ornge?

Ms. Kelly Long: No.

The Chair (Mr. Norm Miller): We are out of time, I'm afraid, Ms. Sandals. So we'll move to the opposition. Mr. Klees.

Mr. Frank Klees: Thank you. Ms. Long, you've had a meteoric rise in a very short time through various levels of management and vice-presidencies and directors; I have to compliment you.

Can I ask what your income was the last year that you were working at the health club, or sports club, as you call it?

Ms. Kelly Long: At the sports club? I'd have to check my records.

Mr. Frank Klees: The job before you got the job as a government relations person.

1420

Ms. Kelly Long: For my ESL?

Mr. Frank Klees: Whatever you were doing that year. What was your income that year, according to your tax records?

Ms. Kelly Long: I would have to check my records—

Mr. Frank Klees: Approximately.

Ms. Kelly Long: I would have to check my records. I can do that for you if you'd like.

Mr. Frank Klees: You're an astute young woman. You were a director, a manager and a vice-president. Surely you can give us an example or an estimate of what your income was.

Ms. Kelly Long: It would have not been lower than \$60,000.

Mr. Frank Klees: About \$60,000? You earned that at the sports club. Did you ever teach?

Ms. Kelly Long: And teaching.

Mr. Frank Klees: Did you actually teach English as a second language?

Ms. Kelly Long: I was actually certified as an English teacher.

Mr. Frank Klees: I realize you were certified. Did you actually have a teaching job?

Ms. Kelly Long: Yes, I did.

Mr. Frank Klees: Where was that?

Ms. Kelly Long: At Hansa Language Centre.

Mr. Frank Klees: Okay. What did you earn when you got hired over at Pathway? What was your starting salary there?

Ms. Kelly Long: What Ms. Sandals had indicated: \$58,000.

Mr. Frank Klees: Okay, so you took a decline in income.

Ms. Kelly Long: I did.

Mr. Frank Klees: What was your income when you left Ornge?

Ms. Kelly Long: When I left Ornge Global?

Mr. Frank Klees: Yes.

Ms. Kelly Long: It was \$120,000.

Mr. Frank Klees: And that was over the space of what time?

Ms. Kelly Long: It would have been five years.

Mr. Frank Klees: Excellent. The role that you had when you assumed responsibility to deliver to Agusta on a multi-million dollar contract: Tell me what it is that you did to fulfill the terms of that contract.

Ms. Kelly Long: First, I would like to clarify my role in the Agusta marketing services agreement. I was not the lead on the project.

Mr. Frank Klees: Who was the lead?

Ms. Kelly Long: Luis Navas, the former chief operating officer of Ornge Global, was the lead on that project. He was actually responsible for overseeing the agreement and the deliverables. When he suffered a medical condition and went on medical leave—I believe that was in September 2011; it would have been September or October, I believe; I can't recall exactly the month—I was delegated, because I was reporting directly to him in a junior executive capacity, that I would oversee the final deliverables.

Mr. Frank Klees: Okay. Well, that's a huge responsibility. What exactly was it that you were to oversee and deliver? What was the value of that contract?

Ms. Kelly Long: May I also clarify something else? Because I think it's important.

Mr. Frank Klees: Sure; go ahead.

Ms. Kelly Long: There were actually six employees and four interim MBA students who contributed to that report. They were responsible for obtaining and analyzing the information and providing a report. In addition, we utilized tools such as academic papers, journals and databases to obtain the information that went into the report.

Mr. Frank Klees: And for all of that work—how much did Agusta pay for that?

Ms. Kelly Long: Four point seven.

Mr. Frank Klees: Four point seven million dollars. This is a multi-billion dollar corporation. Do you have any idea why they would come to you, to Ornge, and pay that kind of money for that kind of work? Why would they not be able to hire their own MBAs? I'm just going to ask you this question: If you put all of the salaries together of all of those MBAs and all of your people at Ornge, how much do you think you would have paid out in salaries to those people?

Ms. Kelly Long: I'm not sure—

Mr. Frank Klees: Oh, come on now; you're a senior person at Ornge; you can take a wild guess. Be on the high side.

Ms. Kelly Long: I'm not sure.

Mr. Frank Klees: How long did it take to put the report together?

Ms. Kelly Long: It was over two years.

Mr. Frank Klees: Two years. So let's make an assumption. You were getting paid \$100,000?

Ms. Kelly Long: Mm-hmm.

Mr. Frank Klees: Let's make an assumption that even the MBA students each got paid \$100,000. Let's make an assumption that all of those employees—you say how many there were in total?

Ms. Kelly Long: Ten. But then the executives—

Mr. Frank Klees: Ten? Let's say they all got paid \$100,000, all right?

Ms. Kelly Long: Mm-hmm.

Mr. Frank Klees: At the end of the day, what was the net value?

Ms. Kelly Long: I think what's important is the expertise that we offered Agusta. So, at a very high level, the report was designed to basically identify and better understand the key pursuit target markets in order to communicate—to impenetrate, those key pursuit markets. This ultimately would have led to increased sales for Agusta. At the top of my head in terms of what was added into that report, there was a number of deliverables that we spent a significant amount of time on.

Mr. Frank Klees: Very interesting.

I want to go back to Ms. Sandals's question. When you were first hired by Pathway, were you aware that Dr. Mazza had made arrangements to actually pay your salary through Ornge to Pathway?

Ms. Kelly Long: No, I had not—has that been confirmed?

Mr. Frank Klees: Yes, it has.

Mrs. Liz Sandals: We have the invoices, Mr. Chair.

Mr. Frank Klees: Yes. How do you feel about that?

Ms. Kelly Long: I feel that I did a great job for both Pathway and Ornge. I feel that I deserved the promotions that I received. I know that people are insinuating, or the media are insinuating, that I rose quickly because of my relationship—or my friendship—with Dr. Mazza. I think that's unfair. I do have a university degree.

Mr. Frank Klees: Yes.

Ms. Kelly Long: I spent a lot of time—I was fortunate enough to have the time to commit myself fully to my career.

Mr. Frank Klees: Sure.

Ms. Kelly Long: So I think it's unfair that people insinuate that.

Mr. Frank Klees: Well, you know, there are some—

The Chair (Mr. Norm Miller): You have about a minute left.

Mr. Frank Klees: Sure. There are some factual things that I think for the average person it's pretty hard to kind of understand.

Ms. Kelly Long: I understand that.

Mr. Frank Klees: But let me just ask one last question of you. You made reference to the dedicated, patient-focused employees of Ornge. Knowing what you know today, do you believe that Dr. Mazza fits into that description? Dedicated and patient-focused?

Ms. Kelly Long: Absolutely, 100%. I can tell you that that is an accurate statement.

Mr. Frank Klees: Thank you.

The Chair (Mr. Norm Miller): Thank you very much and thank you for your testimony today, for coming before the committee.

Ms. Kelly Long: Thank you.

MR. DON GUY

The Chair (Mr. Norm Miller): Our next presenter is Mr. Don Guy. Good afternoon, Mr. Guy.

Mr. Don Guy: Good afternoon, Mr. Chair.

The Chair (Mr. Norm Miller): Just to confirm that you've received the information for a witness testifying before the committee?

Mr. Don Guy: I have, thank you.

The Chair (Mr. Norm Miller): Very well. Our clerk does have an oath for you to swear, once you're ready.

The Clerk of the Committee (Mr. William Short): There's a Bible on the table there, Mr. Guy.

Mr. Don Guy: Oh, great. Right hand or left hand? Does it matter?

The Clerk of the Committee (Mr. William Short): No, you pick.

Mr. Guy, do you solemnly swear that the evidence you shall give to the committee touching the subject of the present inquiry shall be the truth, the whole truth and nothing but the truth, so help you God?

Mr. Don Guy: I do.

The Clerk of the Committee (Mr. William Short): Thank you.

The Chair (Mr. Norm Miller): Very well. You have five minutes for an opening presentation and time for questions.

Mr. Don Guy: Great. Thank you, Mr. Chair. Thank you to you and to the committee members for the opportunity to appear before you today. I will take the opportunity to make a short statement for the record. I've tried to keep this to five minutes and I apologize if I've gone over a little bit.

I am hopeful, but not optimistic, that this statement of facts under oath will give pause to those elected officials who knowingly and willingly have been telling malicious lies about me for partisan purposes, under the protection of parliamentary privilege. These are the accurate facts.

I was chief of staff to the Premier from October 2003 until July 2006, when I left government. When I left government, I visited with the Integrity Commissioner, who informed me, confirmed in writing, that the conflict-of-interest-and-post-service directive restricted me from engaging in any lobbying for 12 months. Not only have I lived within this directive, I have not undertaken any lobbying activities at any time since leaving government. And to be clear, despite the accusations of some members of this committee, at no time did I undertake any lobbying on behalf of Ornge.

The Integrity Commissioner also informed me that this directive contemplates that you will be able to make use of the expertise acquired by you during your service with the crown. Section 26 of the directive provides as follows: "It is in the public interest to facilitate the movement of individuals and the transfer of skills and knowledge to the private and public sector organizations...."

In late November, 2007 I was approached by Alfred Apps of Fasken, on behalf of Ornge, regarding the imminent consolidation of Ornge on to the province of Ontario's books, as directed by the Provincial Auditor. I was told that Ornge was concerned that consolidation might cost it several hundred thousand dollars in legal and accounting fees. Mr. Apps asked if I would be willing to help Ornge. I told them that I was busy back at my job as CEO of Pollara after the election and wasn't interested. He asked if I would at least have lunch with Dr. Chris Mazza, who I had not met before. We had lunch shortly thereafter, and Dr. Mazza told me the story of his background. He told me the story of the tragic death of his son from a skiing accident in 2006. He indicated that there was a delay in medevac services; that he was himself involved in flying; and that he wanted to ensure that that would never happen in Ontario again. His story was very compelling, and his vision and drive impressed me.

1430

As several people have pointed out, I was in good company and I took assurance in the good reputation of Fasken's, of Mr. Apps, Lynne Golding, Guy Giorno and Kelly Mitchell. A number of people from all partisan

stripes, as well as non-partisans, were working in various capacities in support of the Ornge vision. I am prepared to assume that they did so with the best of intentions, as I did.

Upon reviewing the matter, my advice to Mr. Apps, and through him, to his client, was that while consolidation might cost Ornge several hundred thousand dollars in legal and accounting fees, there was no point in engaging in a lobbying effort to try to stop it, as there simply is no political discretion over those kinds of directions from the Auditor General. As the secretary of cabinet confirmed in testimony before this committee on April 18, consolidation went ahead as scheduled in that fiscal year.

Ornge drew up a draft contract to retain my services but it was never finalized. Instead, Mr. Apps remained my main client contact on the file, and I was retained by Fasken's and compensated for my time, monitoring various developments and issues related to Ornge and offering strategic and public policy advice as needed. My average billing was about \$3,700 a month until I ended the engagement in March 2010. I had recently left my job as CEO at Pollara so I could take off time after the birth of our twins, and wanted to do the same with this.

I wish to say that during the time I was on a retainer, I saw no intent or evidence of wrongdoing, criminal or otherwise, at Ornge or at Fasken's.

After some two years with no involvement with the file, paid or otherwise, I was approached by Mr. Apps in mid-December 2011 and asked my advice on the salary disclosure matter. I advised him that co-operating fully with the minister in disclosing salaries was the only way to go, from my perspective, even if it involved risks of lawsuits from employees.

He got back to me and asked how to convey a message from Rainer Beltzner, the chair of the board of Ornge, to Deb Matthews indicating that the board had resolved to co-operate fully with any direction she wished to take on salary disclosure. As I was seeing Ms. Matthews the next morning for breakfast for a campaign post-mortem in her role as candidate search chair, I volunteered to convey the message to her. I did so in part of a conversation that lasted about a minute, and it turned out that Ms. Matthews was already scheduled to meet with Ornge that afternoon. Her response was a single, firm, "Good."

Later that day, Mr. Apps got back in touch with me and I let him know that the minister was meeting with Ornge that day. We then had a telephone conversation, and he asked me if I had feedback on detailed briefing documents he had sent me on the current status of Ornge. I indicated that I would have to spend several days getting caught up reading on the file and I would have to invoice my time accordingly if I was going to do that. My invoice was sent in advance on December 18, 2011.

Three days later I concluded I could not give the matter the attention it deserved in a timely fashion. The little time that I had spent on the file was paying attention to media reports, and these were troubling. As a result, on December 21, I withdrew the invoice and received no payment.

Members in the Legislature have asked if I have ever discussed any matter related to Ornge with the Premier, and I want to give you my assurance that I have not, either in government or before 2006 or since.

That's my statement, and I would be happy to respond to any questions you might have.

The Chair (Mr. Norm Miller): Thank you for that. We'll go to the government first. Mr. Leal.

Mr. Jeff Leal: Thank you very much, Mr. Chair, and through you to Mr. Guy: Can you tell the committee how your retainer to provide consulting services to Ornge was initiated?

Mr. Don Guy: Through Mr. Apps.

Mr. Jeff Leal: Could you tell the committee how the retainer was structured? For example, what were the deliverables, what was the term and so on?

Mr. Don Guy: The idea was that there would be compensation for time that I would spend paying attention to matters related to Ornge as a base and then over and apart from that I was therefore available to provide public policy advice or strategic advice, as the case may be. That would, in some cases, happen over the telephone with Mr. Apps—principally over the telephone, actually.

Mr. Jeff Leal: Why was your retainer with Fasken Martineau instead of directly with Ornge?

Mr. Don Guy: Because Mr. Apps and Fasken's were the client. I was advising him and Fasken's in support of their efforts, as I understood, to support Ornge in a variety of capacities. My specific duties were with respect to staying current on public affairs, public policy and strategy.

Mr. Jeff Leal: Can you provide an overview for the committee of the precise work you did for Ornge over the course of the contract?

Mr. Don Guy: I certainly could, in general. The work would typically, I'd say, involve an hour to two hours a week, paying attention to developments. I had set up various alerts on social media and things of that nature so that I would receive that information.

As well, I was paying attention to developments in other jurisdictions with respect to air ambulance service—Alberta, for example, where the STAR system was viewed to be a similar model to what we had set up in Ontario, as well as international jurisdictions, and trying to anticipate trends in the development of issues, as well as public policy trends that might provide opportunities.

Mr. Jeff Leal: Were you aware at any time of the \$1.4-million salary that Dr. Mazza was earning?

Mr. Don Guy: I became aware of that on December 23, 2011, from the media.

Mr. Jeff Leal: What are your thoughts on that salary?

Mr. Don Guy: I think it's outrageous. I, literally, was stunned and saddened and disappointed to see that that was the case. I knew enough about the structure of public sector salaries, both on the agency side as well as within government, to know that that likely made him the best-paid public servant in Ontario and perhaps in Canada.

If you think about that in the context of an agency with revenue of \$150 million a year and you compare

that to Hydro One or OPG or OLG or whatever the case may be, never mind some of the agencies federally—I just couldn't understand it. The NDP proposal to do something about those kinds of salaries seemed to me to be a very—that would be the kind of situation where that would make a lot of sense.

Mr. Jeff Leal: This committee heard last week from two Fasken lawyers, Mr. Giorno and Ms. Golding, advising Dr. Mazza that he didn't have to disclose his \$1.4-million salary. Were you aware of this advice while you were working with Fasken's?

Mr. Don Guy: No. At no point did that ever come up while I was on retainer prior to March 2010. In fact, salaries were never an item of discussion. I did not know what Dr. Mazza or other members of the executive team were earning in terms of salary, although I have seen from transcripts in the committee that it was approximately \$300,000 at the outset.

Mr. Jeff Leal: Were you aware of the legal advice they provided that Ornge did not have to co-operate with the Auditor General while at Ornge?

Mr. Don Guy: I am not aware of any legal advice to that effect.

Mr. Jeff Leal: Mr. Apps indicated in his testimony that they first engaged your services for two purposes: first, to provide the organization with a sense of how to “anticipate and think about issues relating to government”; second, to provide with respect to the government's proposed consolidation of Ornge on the province's books. Can you elaborate on the work that you did and the advice you provided with respect to these two items?

Mr. Don Guy: Certainly. Let me take the second item first, if that's acceptable. As I touched on in my remarks, the initial approach in late November 2007 was with respect to the imminent consolidation of Ornge on to the province's books, as directed by the Auditor General and consistent with revisions that were made to public sector accounting standards under PSAB in 2005.

1440

As I say, I was told that there was a concern that this would mean additional accounting and legal costs to comply with that direction, both on a one-time basis as well as on an ongoing basis, and that there was a desire to engage with government to determine if that policy could be amended.

I was fairly certain at the outset that that would not be the case. I did go back and do some reading and came to the conclusion that my instincts were right. There is no room for political discretion around public sector accounting rules as interpreted by the Auditor General, and I gave that advice accordingly. As I say, as I understand it, the consolidation was complete for the end of the fiscal year 2007-08.

The Chair (Mr. Norm Miller): You have one minute, Mr. Leal.

Mr. Jeff Leal: Mr. Klees has alleged in this committee that you were hired by Fasken's to help “fend off” the proposed consolidation. Mr. Apps indicated that the truth is, you advised the opposite. What is your recollec-

tion of the advice that you provided with respect to the consolidation?

Mr. Don Guy: My advice was very clearly the opposite of what Mr. Klees has alleged, and I hope that he'll take the opportunity at some point to correct the record on that.

Mr. Jeff Leal: Did you ever meet the Minister of Finance to discuss Ornge?

Mr. Don Guy: No.

Mr. Jeff Leal: Did you ever meet the secretary of cabinet to discuss Ornge?

Mr. Don Guy: No.

Mr. Jeff Leal: Did you ever meet the Premier of Ontario to discuss Ornge?

Mr. Don Guy: No.

Mr. Jeff Leal: So it's safe to say that the consulting services you provided to Ornge did not involve advocacy or lobbying?

Mr. Don Guy: That's correct.

Mr. Jeff Leal: The opposition has made a number of allegations in the House with respect to an invoice dated December 17, 2011. What did this particular invoice relate to, and why was the invoice ultimately cancelled?

Mr. Don Guy: The invoice was related to documents that Mr. Apps had sent me and asked me to review and give feedback on, that gave an update on the current status of Ornge and its various businesses. As I indicated, I told him, “That's going to take quite a bit of time. It's going to take several days for me to, first, catch up on the file. I haven't paid attention to it for two years.” Secondly, it was a fairly detailed document, as he indicated. So I indicated to him that I would have to invoice for my time doing that, and he indicated that would be okay. “Go ahead and send an invoice,” which I did. It was apparent to me, though, after three days that I just was not going to get to it. Upon seeing the media on the morning of December 21, it reinforced my desire not to get to it. So I withdrew the invoice and never received payment.

The Chair (Mr. Norm Miller): You're out of time, Mr. Leal.

Mr. Jeff Leal: Thank you, Mr. Chair.

The Chair (Mr. Norm Miller): We'll move to the opposition, Mr. Klees.

Mr. Frank Klees: Thank you. Mr. Guy, do you make it a habit to charge in advance?

Mr. Don Guy: I do. That's the standard in professional services consulting, Mr. Klees.

Mr. Frank Klees: Can you tell me when the first time was that you acted on behalf of Ornge through Fasken?

Mr. Don Guy: What do you mean by “act”?

Mr. Frank Klees: Made phone calls, made inquiries, provided strategic advice.

Mr. Don Guy: I've never made any phone calls or inquiries on behalf of Ornge, Mr. Klees.

Mr. Frank Klees: You've never made a phone call to the Ministry of Finance on behalf of the Ornge consolidation issue?

Mr. Don Guy: No.

Mr. Frank Klees: You're under oath, sir.

Mr. Don Guy: I realize that.

Mr. Frank Klees: Okay. When was the first time you had anything to do with Ornge?

Mr. Don Guy: The first time I had anything to do with Ornge?

Mr. Frank Klees: The first time you provided advice, discussed it—let's put it this way: the first time that, in your opinion, you could actually bill for something that had anything to do with Ornge.

Mr. Don Guy: The first day that I began billing was December 5, 2007.

Mr. Frank Klees: And how did you charge for that?

Mr. Don Guy: Pardon me? Sorry.

Mr. Frank Klees: How did you bill for that, and to whom did you bill your time?

Mr. Don Guy: I billed Fasken's for the time that I spent advising them on the matter of consolidation.

Mr. Frank Klees: I thought you always bill in advance.

Mr. Don Guy: Pardon me?

Mr. Frank Klees: I thought you always bill in advance.

Mr. Don Guy: That is the way I prefer to proceed. In this case, there were a number of things that I was involved in at the time, and I did not get around to issuing that invoice in advance.

Mr. Frank Klees: When did you issue that invoice?

Mr. Don Guy: In May, I believe.

Mr. Frank Klees: And how much was that invoice for?

Mr. Don Guy: I think that was for five and a half months at \$3,500 per month.

Mr. Frank Klees: Okay. Let me ask you this: When you were chief of staff to the Premier, given the nature of this project—pretty significant in the context of government and health care—were you ever briefed on the Ornge file, during the time that you were chief of staff to the Premier?

Mr. Don Guy: No, I was not.

Mr. Frank Klees: Do you think you should have been?

Mr. Don Guy: I wouldn't want to speculate on something like that. My responsibilities as chief of staff to the Premier did not preclude policy items. So I did not become aware of the file and was not briefed on it until some time quite a bit later. I think it might have been when it was actually before cabinet.

Mr. Frank Klees: So you saw the MB20 before it went to cabinet?

Mr. Don Guy: No, I did not.

Mr. Frank Klees: You did not? But you were in the room when it was discussed?

Mr. Don Guy: I'm not sure I was, to be perfectly honest. My attendance at cabinet was both infrequent and also somewhat—what's the term I'm looking for—if I had to leave cabinet to go attend to a matter, I would do that. So I'm not sure that I recall being in cabinet for a discussion of the matter. I may have been; I just don't recall it.

Mr. Frank Klees: Was there any time at all when the issue, the file of Ornge, came to your attention, that there were senior people within the Ministry of Health who were expressing concern about the proposal that was going forward to cabinet, specifically some of the legal people within the Ministry of Health? None of this ever came to your attention?

Mr. Don Guy: I think the way I understood the proposal was that the previous government, of which you were part of cabinet, had made a decision to consolidate air ambulance services into one entity—that was the decision of the minister at the time, Tony Clement, I believe. I don't know if that came to cabinet when you were in cabinet, or if that discussion came to cabinet. My understanding was that the ministry was persuaded of that policy approach in 2002 and was persuaded subsequently, when we came into government, that that continued to be the appropriate approach. So that, frankly, is about as much as I knew about it at the time.

I think there was something to do with 50 or something separate private sector providers. There was something to the effect of challenges of managing dispatch in a timely fashion. I think those have been flagged in a couple of reports, so it seemed to make sense.

Mr. Frank Klees: Consolidation was, in fact, the focus and vision of the previous government. What was not the vision of the previous government is what happened under the current government—

Mr. Don Guy: I don't think that was the vision of the current government, either.

Mr. Frank Klees: —and that is the failure of proper oversight of an organization, the spawning of for-profit companies. My concern, Mr. Guy, is that as the chief of staff to the Premier, one would think that you would be his eyes and ears, and that you would want to alert the Premier to what was clearly a controversial proposal coming forward to cabinet.

The reason that we conclude that you may well have had a role in smoothing the waters for Dr. Mazza and others is that anyone who is conscientious and who can see—or should be able to see—the red flags, one would have thought, with your experience and your responsibility, that you would be the first one to trigger to that, in the same way that you say, based on your experience, you alerted Alf Apps that the consolidation issue may well be something that rather than oppose, they should just fold on and agree to.

1450

So my question to you is, something as significant as the consolidation of the air ambulance service—that it did not come to your attention, that it didn't cause you any concern, is puzzling to us. I'd like your thoughts on how you would view the effectiveness of a chief of staff who wouldn't bring something like this to the attention of the Premier.

The Chair (Mr. Norm Miller): And you have 30 seconds left.

Mr. Don Guy: Okay. Well, there are a couple of things there that I'd like to unpack a bit, the first of which

is the assumption or speculation that somehow concerns about consolidation were brought to my attention, which they were not.

As you indicated, Mr. Klees, the vision and the policy approach that was adopted to consolidate these various disparate services into one system was initiated under your government.

Mr. Frank Klees: That's right.

Mr. Don Guy: So were those concerns raised in 2002?

The Chair (Mr. Norm Miller): And we are out of time, so we'll have to go—

Mr. David Zimmer: Chair, I just want to raise a point.

The Chair (Mr. Norm Miller): You're going to cut into the NDP's time, so no.

Mr. David Zimmer: I want to raise—

The Chair (Mr. Norm Miller): No. We're going to go to the NDP. Go ahead.

M^{me} France Gélinas: Thank you, Chair.

I'd like to ask you, Mr. Guy, in the last 18 months, were you paid, directly or indirectly, by the Liberal Party?

Mr. Don Guy: Can you please restate the question?

M^{me} France Gélinas: Sure. In the last 18 months, have you been paid, directly or indirectly, by the Liberal Party?

Mr. Don Guy: I was paid by the Liberal Party, the Ontario Liberal Party, until—I guess until October 6, until election day.

M^{me} France Gélinas: Until October 6, 2011?

Mr. Don Guy: That's right.

M^{me} France Gélinas: Okay. So, since you left the Premier's office in July 2006, and up until this last election, you continued to receive payment?

Mr. Don Guy: No, no, no. Sorry, no, no. That's not—sorry. Do you want me to—

M^{me} France Gélinas: I don't want to put—

Mr. Don Guy: Can I take a second just to—

M^{me} France Gélinas: Yeah.

Mr. Don Guy: That's not the way the campaign director position works in our party. I can't speak to how it works in other parties, but I am typically appointed to be the campaign director—or I've had the honour to be appointed the campaign director on four separate occasions, typically, a few months prior to what is anticipated to be the election day. So, for example, the first time in 1999, which I think was—was that a spring election, Mr. Chair? Was that a June election?

The Chair (Mr. Norm Miller): Yes.

Mr. Don Guy: So I was appointed campaign director in October 1998, so I think eight or nine months in advance, and was paid at that time. Before the 2003 election, which again, Mr. Chair, you will recall sort of dragged on—there were no fixed election dates at the time—so I think my appointment preceded that by about 18 months. I left the Premier's office in July 2006, but I don't think I started on as campaign director with the party getting paid right away; I think that was in January.

M^{me} France Gélinas: Okay.

Mr. Don Guy: And I think this most recent time, it might have been October 2010. I'm not totally sure.

M^{me} France Gélinas: Thank you.

When they sought your advice on salary disclosure, you made it clear that you'd tell them, "Be transparent and tell them"?

Mr. Don Guy: Mm-hmm.

M^{me} France Gélinas: Did they explain to you then the corporate structure?

Mr. Don Guy: No, no. It was a pretty brief conversation, which is, "Hey, what do you think we should do on this salary disclosure thing?" and I gave the advice I gave, which is, "You know, I don't think you've got an option; you've got to find a way to co-operate with the minister and accept her direction and do what she wants to do, and if that creates some legal issues or exposure with some of your employees because of contract law, you're going to have to come up with a solution to that, because it's just not going to be acceptable that these folks are not on the sunshine list."

M^{me} France Gélinas: Okay. And you did mention that you had a quick meeting with Minister Matthews—a one-minute. She ended up saying, "All good." All you had to do was bring the message forward—

Mr. Don Guy: No, she didn't say, "All good."

Mme France Gélinas: Oh, no? Sorry.

Mr. Don Guy: Sorry. So the context is that, because of the minority situation, I went around and did debriefs with all the folks who are working committee chairs over the course of the campaign. Because Ms. Matthews is so busy, the earliest opportunity that we could really find to sit down after the election was mid-December. She's our candidate search chair, as I think you know, or has been in the last two elections. So I wanted to debrief with her on that.

Just because of the overlap with respect to the call from Mr. Apps on salary disclosure, I offered to communicate that message, which was, "They want to co-operate fully with your direction on that." She didn't say, "All good"; she said, "Good."

Mme France Gélinas: All right.

Mr. Don Guy: From the context, it's quite different, as you'll appreciate.

Mme France Gélinas: No, no. I appreciate. But you did say that she had a meeting booked with Ornge that afternoon?

Mr. Don Guy: Yes.

M^{me} France Gélinas: Do you remember the date of that mid-December candidate search debriefing?

Mr. Don Guy: I think it was December 15.

Mme France Gélinas: On December 15. Okay.

The pile of documents that Mr. Apps wanted you to review: You spent three days on it, then saw the news, saw everything, and said, "No, thanks"?

Mr. Don Guy: It's a good question, and I know you've been going at this in the House. I never got to the documents. It was one of those situations where I was thinking, "It's going to take me a while to really dig into

this file and catch up on what's been going over the last two years, and it's going to take a significant amount of time. It's going to take a significant amount of time to wade through these documents in particular on top of that." Just because of the time of year, I didn't think I was going to get to it before Christmas. As I say, my inclination not to do it was reinforced when I saw the papers on the morning of December 21 and the story, which was troubling.

Mr. Jagmeet Singh: Thank you very much, sir. What was your role in the Ornge debt offering? Were you aware of the Ornge debt offering?

Mr. Don Guy: I was aware of the Ornge debt offering, but I had no role in it specifically.

Mr. Jagmeet Singh: Okay. With respect to your work, you were CEO of a company; is that correct?

Mr. Don Guy: Mm-hmm.

Mr. Jagmeet Singh: You worked on Liberal campaigns and you were hired at certain times preceding the campaigns; is that correct?

Mr. Don Guy: Yes.

Mr. Jagmeet Singh: You also had a company called Artisan Research and Communications Inc.; is that correct?

Mr. Don Guy: Yes.

Mr. Jagmeet Singh: How often are you employed through that company?

Mr. Don Guy: Since December—I think, 5; it was around that time—December 5, 2009, that's been my only source of consulting. That's the only business. I own the business.

Mr. Jagmeet Singh: How many clients do you have in total?

Mr. Don Guy: It tends to vary. It's a business that is focused on market research. So it really tends to vary. When there are projects that are large-scope projects, you don't end up taking on a lot of smaller things, but when there aren't, you take on some of those projects.

Mr. Jagmeet Singh: How many of those projects are related to the government or to government relations?

Mr. Don Guy: Actually, this was the only one.

Mr. Jagmeet Singh: This was the only one?

Mr. Don Guy: This was the only one. I went against my instinct, but that lunch with Dr. Mazza made such an impression on me. I heard that story about his son; I just went, "Wow. My God. How could you not want to help this guy?"

The Chair (Mr. Norm Miller): You have 30 seconds.

Mr. Jagmeet Singh: Do you believe you were hired because of your intimate knowledge of the Premier?

Mr. Don Guy: Sorry?

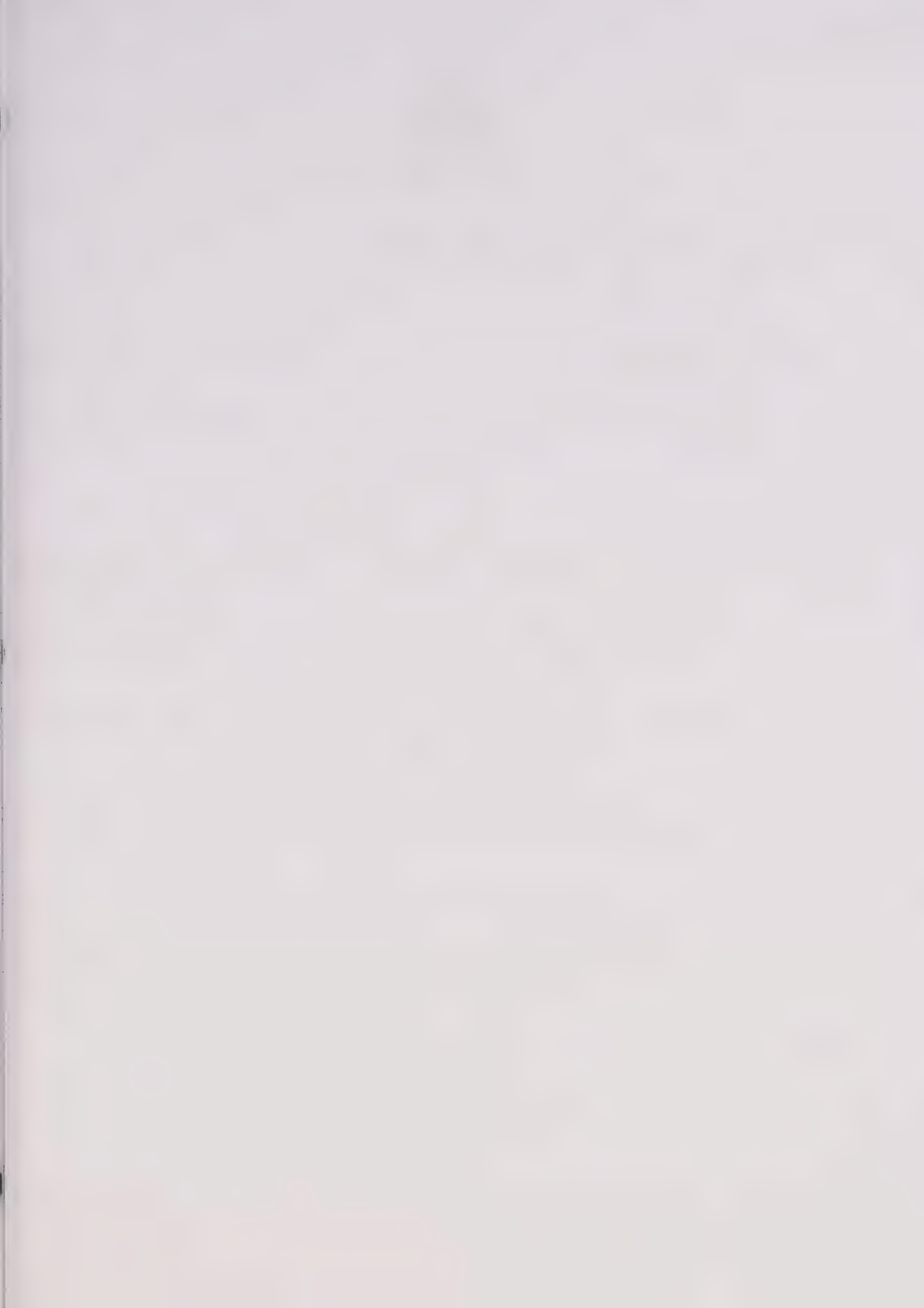
Mr. Jagmeet Singh: Do you think you were hired or you were consulted by Fasken's because of your intimate knowledge of the Premier?

Mr. Don Guy: Well, I'm afraid I don't have intimate knowledge of the Premier. That's limited to Terry. But no, I don't think so.

The Chair (Mr. Norm Miller): We do need to wrap up, because it is 3 o'clock.

Thank you very much for your presentation today. We have to adjourn, unfortunately.

The committee adjourned at 1500.



CONTENTS

Wednesday 2 May 2012

Subcommittee report	P-155
Special report, Auditor General: Ornge Air Ambulance and Related Services	P-155
Ornge.....	P-158
Ms. Patricia Volker	
Mr. David Caplan.....	P-163
Pathway Group.....	P-169
Mr. Kelly Mitchell	
Ornge.....	P-174
Mr. Steve Farquhar	
Ms. Kelly Long	P-188
Mr. Don Guy.....	P-193

STANDING COMMITTEE ON PUBLIC ACCOUNTS

Chair / Président

Mr. Norm Miller (Parry Sound–Muskoka PC)

Vice-Chair / Vice-Président

Mr. Toby Barrett (Haldimand–Norfolk PC)

Mr. Toby Barrett (Haldimand–Norfolk PC)

M^{me} France Gélinas (Nickel Belt ND)

Mr. Phil McNeely (Ottawa–Orléans L)

Mr. Norm Miller (Parry Sound–Muskoka PC)

Mr. Reza Moridi (Richmond Hill L)

Mr. Jerry J. Ouellette (Oshawa PC)

Mrs. Liz Sandals (Guelph L)

Mr. Jagmeet Singh (Bramalea–Gore–Malton ND)

Mr. David Zimmer (Willowdale L)

Substitutions / Membres remplaçants

Mr. Frank Klees (Newmarket–Aurora PC)

Also taking part / Autres participants et participantes

Mr. Jeff Leal (Peterborough L)

Mr. Jim McCarter, Auditor General

Clerk / Greffier

Mr. William Short

Staff / Personnel

Mr. Ray McLellan, research officer,
Legislative Research Service

P-9



P-9

ISSN 1180-4327

Legislative Assembly of Ontario

First Session, 40th Parliament

Assemblée législative de l'Ontario

Première session, 40^e législature



Official Report of Debates (Hansard)

Wednesday 9 May 2012

Journal des débats (Hansard)

Mercredi 9 mai 2012

Standing Committee on Public Accounts

Special report, Auditor General:
Ornge Air Ambulance and
Related Services

Comité permanent des comptes publics

Rapport spécial, vérificateur
général : Services d'ambulance
aérienne et services connexes
d'Ornge

Chair: Norm Miller
Clerk: William Short

Président : Norm Miller
Greffier : William Short

Hansard on the Internet

Hansard and other documents of the Legislative Assembly can be on your personal computer within hours after each sitting. The address is:

<http://www.ontla.on.ca/>

Index inquiries

Reference to a cumulative index of previous issues may be obtained by calling the Hansard Reporting Service indexing staff at 416-325-7410 or 325-3708.

Le Journal des débats sur Internet

L'adresse pour faire paraître sur votre ordinateur personnel le Journal et d'autres documents de l'Assemblée législative en quelques heures seulement après la séance est :

Renseignements sur l'index

Adressez vos questions portant sur des numéros précédents du Journal des débats au personnel de l'index, qui vous fourniront des références aux pages dans l'index cumulatif, en composant le 416-325-7410 ou le 325-3708.

Hansard Reporting and Interpretation Services
Room 500, West Wing, Legislative Building
111 Wellesley Street West, Queen's Park
Toronto ON M7A 1A2
Telephone 416-325-7400; fax 416-325-7430
Published by the Legislative Assembly of Ontario



Service du Journal des débats et d'interprétation
Salle 500, aile ouest, Édifice du Parlement
111, rue Wellesley ouest, Queen's Park
Toronto ON M7A 1A2
Téléphone, 416-325-7400; télécopieur, 416-325-7430
Publié par l'Assemblée législative de l'Ontario

LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
PUBLIC ACCOUNTSCOMITÉ PERMANENT DES
COMPTES PUBLICS

Wednesday 9 May 2012

Mercredi 9 mai 2012

The committee met at 0846 in room 151.

The Chair (Mr. Norm Miller): I call this meeting to order, and we need to go in camera for the first few minutes.

The committee continued in closed session from 0846 to 0921.

SUBCOMMITTEE REPORT

The Chair (Mr. Norm Miller): I'm going to move back into open session. I believe we have a subcommittee report.

Mrs. Liz Sandals: We do.

The Chair (Mr. Norm Miller): Mrs. Sandals.

Mrs. Liz Sandals: Your subcommittee met on Thursday, May 3, 2012, to consider the method of proceeding on the 2012 Special Report of the Office of the Auditor General on Ornge Air Ambulance and Related Services, and recommends the following:

(1) That the Standing Committee on Public Accounts invite Dr. Chris Mazza to appear before the committee on Wednesday, June 6, 2012, at 9 a.m.

(2) That, should Dr. Chris Mazza fail to accept the invitation, the Standing Committee on Public Accounts consider a motion to present a report to the House requesting that a new Speaker's warrant relating to Dr. Chris Mazza be issued for his appearance before the committee on Wednesday, June 6, 2012.

(3) That Mr. Flavio Volpe be removed from the witness list.

(4) That legislative research prepare an interim document entitled "Issues and Observations" following the hearings on June 6, 2012.

And further considered the method of proceeding on the notice of motion by France Gélinas, MPP, dated March 7, 2012, and recommends the following:

(5) That the committee send a letter to the Ontario Power Authority with respect to the "Request for Information on the Cancellation of Ontario Power Authority's Contracts with TransCanada Energy Ltd. And Greenfield South Power Corporation."

(6) That the committee clerk, in consultation with the Chair, be authorized prior to the adoption of the report of the subcommittee to commence making any preliminary arrangements necessary to facilitate the committee's proceedings.

The Chair (Mr. Norm Miller): Any debate? All in favour?

Mr. Frank Klees: Chair, I just want to—

The Chair (Mr. Norm Miller): Yes, Mr. Klees.

Mr. Frank Klees: I think it's appropriate that we at least provide on the record an explanation as to why the arrangements for Dr. Chris Mazza have now been changed from the original date to June 6. Perhaps the clerk can clarify that for us.

The Chair (Mr. Norm Miller): Clerk, go ahead.

The Clerk of the Committee (Mr. William Short): We have received notification that Mr. Mazza will not be able to appear on May 16, from his lawyer, and the committee has now suggested June 6 as a new date for him to come. We have been notified that it is due to a medical condition that Mr. Mazza is currently dealing with, and we will reissue a new invitation for Wednesday, June 6, due to this.

The Chair (Mr. Norm Miller): All in favour of the subcommittee report? Carried.

SPECIAL REPORT, AUDITOR GENERAL:
ORNGE AIR AMBULANCE
AND RELATED SERVICES

The Chair (Mr. Norm Miller): I believe we have one motion to deal with before our presenter. Mr. Klees.

Mr. Frank Klees: This would be the reference to the information, or further information, that I'm requesting:

That the Standing Committee on Public Accounts (herein "the committee"), under standing order 110(b), stating that "each committee shall have power to send for persons, papers and things," directs the Minister of Health and Long-Term Care as well as the Ministry of Health and Long-Term Care to produce, within a fortnight, all documentation in any form, electronic or otherwise, related to at least the 13 incidents that have occurred between January 1, 2010, and May 1, 2012, investigated by the emergency services branch involving an Ornge ambulance (air or land) as well as any documentation in any form, electronic or otherwise, related to any other internal investigation conducted by the Ministry of Health that pertains to Ornge air or land ambulances.

The Chair (Mr. Norm Miller): Any discussion? All in favour? Carried.

MINISTRY OF FINANCE

The Chair (Mr. Norm Miller): Our first witness this morning is Mr. James Sinclair, director of legal services,

Ministry of Finance. Welcome, Mr. Sinclair. You've received the notice for a witness appearing before the committee?

Mr. James Sinclair: I did.

The Chair (Mr. Norm Miller): Okay. Very well, and I believe our clerk has an oath for you.

The Clerk of the Committee (Mr. William Short): Sorry, Mr. Sinclair: Did you want to swear an oath or be affirmed?

Mr. James Sinclair: I'm happy to swear an oath.

The Clerk of the Committee (Mr. William Short): Okay, the Bible is in front of you there.

Mr. Sinclair, do you solemnly swear that the evidence you shall give to this committee touching the subject of the present inquiry shall be the truth, the whole truth and nothing but the truth, so help you God?

Mr. James Sinclair: I do.

The Clerk of the Committee (Mr. William Short): Thank you.

The Chair (Mr. Norm Miller): Very well. You have five minutes for an opening statement and then there will be questions from the members.

Mr. James Sinclair: Great. My name is Jim Sinclair and I'm the director of legal services at the Ministry of Finance. I have held this position since December 8, 2008, which is also the date I entered the Ontario public service. I joined the ministry from the private sector. Prior to my role at the ministry, I was chief legal officer and chief compliance officer at Northwater Capital Management Inc., an investment firm.

As the legal director for the Ministry of Finance, I am responsible for the provision of legal advice to the ministry. There are just shy of 40 lawyers at the ministry's legal services branch, and advice is provided on a wide variety of subjects and in connection with a large number of matters. The role of the legal services branch in connection with Ornge, however, has been fairly limited.

I'm able to speak to you today about three things: how the Public Sector Salary Disclosure Act, 1996, operates; the impact on the province's liabilities of Ornge's bond issuance; and whether the consolidation of Ornge on the province's financial statements resulted in additional liability to the province as a result of the bond issuance.

First, the PSSDA: The purpose of the PSSDA, as you no doubt know, is set out at section 1 of the act and it is to "assure the public disclosure of the salary and benefits paid in respect of employment in the public sector to employees who are paid a salary of \$100,000 or more in a year." Simply put, the act applies to employers. Employers include non-profit employers in the public sector. An employer is in the public sector if it receives more than \$1 million in funding from the government in a year or if the funding exceeds 10%, or \$120,000, of its gross revenues. Employers are required to report the salaries and benefits paid to their employees if they pay them more than \$100,000 in salary in a given year. For the purposes of the act, "salary" means taxable salary, and "benefits" means taxable benefits.

The obligation to determine whether or not to disclose under the act rests with each individual employer. If an employer does not make the required information public, funding can be withdrawn from it or withheld from it. Each year, the Ministry of Finance collects and organizes the information provided to it from organizations subject to the act in order to produce the compendium that is published on its website.

In compiling the compendium, the ministry relies upon the information provided to it by affected organizations and funding ministries. A company that is a for-profit corporation would not meet the definition of employer under the Public Sector Salary Disclosure Act, 1996. It would not, therefore, have an obligation under the act to disclose the salaries paid to its employees.

0930

Now I would like to turn to the Ornge bond issue. We at the Ministry of Finance legal services branch were not involved in the bond issuance itself. I can, however, say something about liability to the province as a result of the bond issuance based upon a review of some of the closing documentation.

The issuer is Ornge Issuer Trust, a trust created as a special-purpose entity under Ontario law. According to the offering memorandum, Ornge is the sole beneficiary of the trust. The trust may offer one or more series of debentures under a master trust indenture with specific terms of each issuance set out in a supplemental indenture.

The offering memorandum is clear in stating that recourse is limited to the assets of the trust. At III of the offering memorandum it states, "There is no recourse against any other entity, including Her Majesty the Queen in right of Ontario, as represented by the Minister of Health and Long-Term Care." And at page 34, it says, "Recourse will be limited to the assets of the issuer from time to time," and goes on to say, "In no event shall there be recourse to any other entity, including the beneficiaries of the issuer or the province of Ontario."

As a disclosure document, the offering memorandum describes the transaction that Ornge was engaging in, and similar statements are made in the trust indenture itself, and this is where the legal relationships are created.

The offering memorandum includes a specific risk factor entitled "limitation of recourse." The risk factor provides that there is no recourse to any other entity, including beneficiaries of the trust, Ornge itself, or the province of Ontario. Even if such a provision were not included in the trust indenture, it would, under common law, be highly unusual for liability to attach to the beneficiary of the trust, Ornge itself, in any event.

I would add that no liability could be imposed on the province without its consent or acquiescence. The province could only provide its consent to such liability if there were a guarantee provided to Ornge in the transaction and if that guarantee were issued in compliance with the Financial Administration Act, with appropriate approvals having been obtained. To my knowledge, no such approval has been obtained and I would add that

applications for these approvals would typically be reviewed by staff at my branch.

As a material agreement, any such guarantee would also need to be described in the offering memorandum and there is no disclosure in the OM of such a guarantee. The OM is clear on the province's liability under the bond issuance: There is none.

Finally, to the extent that there is a question as to whether there is any liability to the province by virtue of the fact that Ornge has been consolidated on the financial statements of the province, the short answer is no. Consolidation is something done for financial reporting purposes and does not override or overwrite existing legal relationships or obligations. The decision as to whether or not to consolidate is an accounting determination. Consolidation does not affect the corporate law principle of limited liability. In a government context, school boards and hospitals, for example, are consolidated even though the province may not be liable for their obligations. The bottom line is, consolidation does not affect fundamental corporate law principles such as limited liability.

So that is it for my opening statement. I'd be happy to take any questions you may have.

The Chair (Mr. Norm Miller): Very well. Thank you very much, Mr. Sinclair. Mr. Klees?

Mr. Frank Klees: Chair, could you just confirm how much time we have?

The Chair (Mr. Norm Miller): You have eight minutes.

Mr. Frank Klees: Thank you for being here. You have extensive experience in the private sector in the financial area. You are now the director of legal services. I assume that you're familiar, obviously, with the health audit service team, who I think report either directly to you or a colleague. Could you tell us what the responsibility of the health audit service team is?

Mr. James Sinclair: The health audit service team doesn't report to me, so I can't actually provide you much assistance there. I mean, they conduct—I would assume that they conduct—audit services for various ministries, the health audit service team being the one involving the health ministry, but that's not something that we at the legal services branch get involved in.

Mr. Frank Klees: My understanding is that Mr. Ken Flynn, who is the director of the health audit service team within the Ministry of Finance, met with the Minister of Finance and the Minister of Health to raise some concerns about irregularities at Ornge. So you're not familiar with any of that?

Mr. James Sinclair: No, this is the first I'm hearing of that.

Mr. Frank Klees: Okay. I'd like to ask you—you're familiar with the offering memorandum—

Mr. James Sinclair: I am—

Mr. Frank Klees: —that raised some \$275 million of debt. The issuer trustee is BNY Trust Company of Canada. Are you familiar with that organization?

Mr. James Sinclair: I am.

Mr. Frank Klees: Was BNY Trust involved in any other financial dealings with the government of Ontario?

Mr. James Sinclair: I don't know the answer to that, Mr. Klees.

Mr. Frank Klees: You're not—

Mr. James Sinclair: Not to my knowledge.

Mr. Frank Klees: I'm advised that they were involved in a rather substantial instrument—an asset-backed security restructuring that involved some \$32 billion. You're not aware of that?

Mr. James Sinclair: I'm aware of the asset-backed commercial paper restructuring—

Mr. Frank Klees: In that amount, does that ring a bell?

Mr. James Sinclair: I thought it was \$34 billion, but that's within hand grenade range.

Mr. Frank Klees: And I would have assumed that someone like yourself, who is a senior person, would have been aware of who the players were who were involved in that rather substantial financial deal.

Mr. James Sinclair: Well, typically, the kind of services that BNY, the Bank of New York trust service, would provide would be acting as a trustee for various types of trusts that would be established. So they wouldn't have, typically—and usually their trust agreements would provide that—much involvement in the actual entity that is the trust. They simply act—to form a trust, you need a trustee, and then they would likely, by agreement, have an administrator that would provide administrative services. In the case of asset-backed commercial paper, if there are investments in the trust, they would have advisers who would manage those investments, and the trustee's role would be extremely limited.

Mr. Frank Klees: Thank you. Standard and Poor's gave an AA- credit rating to this bond offering. Throughout the entire offering memorandum, repeated references are made to the province of Ontario, and repeated references are made to the fact that this is really a monopoly business. Can you help us understand? Ornge Issuer Trust went to the market—it was a private placement—and was able to secure investors for the \$275 million, yet there's no equity in this deal at all. The only revenue stream that the entity has that would ultimately be responsible for repaying the interest as well as the capital was from the government of Ontario.

In your opinion, apart from whatever technical wording might have been within this offering memorandum, what, in your opinion, would the investors have relied on to give them a sense of confidence that this in fact is an AA- rating investment?

Mr. James Sinclair: Well, I mean, I guess, in my opinion, I think the investors would have looked to a number of different things. Obviously, they would have conducted a careful review of the offering memorandum and the trust indenture and other documents. They would have satisfied themselves as to the business model for the entity. They would probably have had meetings with the management team. I don't know this; I'm just speculating. Based on their analysis, they would probably take

note of whatever credit rating was assigned to it, and they would then have made their investment.

I don't know who the investors are. They may have many different reasons for investing in an entity such as this. This is the kind of investment—it had a decent return attached to the debentures, and it would be in an industry that they would have had difficulty getting any kind of exposure to other than this way. So if—

Mr. Frank Klees: Thank you. Would you not agree that, at the end of the day, the reason that anyone would have had confidence here is because it's the government of Ontario that's standing behind this?

0940

Mr. James Sinclair: Well, I think if the investor had had a careful review of the offering memorandum, they would have noted that the government of Ontario isn't standing behind it.

Mr. Frank Klees: Let me ask you this question: In light of events, who now is responsible for paying the interest and, ultimately, who is responsible for paying the capital debt that Ornge has incurred? Would you agree that it's the province of Ontario at the end of the day who really is going to have to cut the cheque for this?

Mr. James Sinclair: No. I would think that the responsibility remains with Ornge Issuer Trust.

Mr. Frank Klees: So you're suggesting that Ornge Issuer Trust is now solely responsible. They have no income. How are they going to pay it?

Mr. James Sinclair: I don't know the answer to that question. I'm not familiar with the financial affairs of—

Mr. Frank Klees: Well, sure you are. You're probably more familiar than anyone with the financial affairs of this trust. You know full well that the only income stream is from the government of Ontario. You also know that given the turn of events, the bankruptcies of all of these other companies, that were supposedly going to generate revenue from the private sector—they no longer exist. So there's only one entity left, and that is the government of Ontario, that is flowing operational dollars to Ornge. There's only one source to pay the interest now that's owed to the bondholders, and there's only one source available to repay the capital outstanding, and that is the government of Ontario. Do you not agree with that?

The Chair (Mr. Norm Miller): And that's your last question, if Mr. Sinclair wants to answer it, and then we move on to the NDP.

Mr. James Sinclair: No, I don't agree with that, because I think that if the Ornge Issuer Trust obtains its revenues from wherever—

Mr. Frank Klees: The government of Ontario.

Mr. James Sinclair: But it doesn't matter. Wherever it's obtaining its revenue from, it is the obligation of the Ornge Issuer Trust to meet its payments under the bond indenture.

The Chair (Mr. Norm Miller): Okay, and we shall move on to the NDP. Who would like to ask questions? Jagmeet or France? Go ahead, France.

M^{me} France Gélinas: Just on this: So, here we have Ornge Issuer Trust, that has no assets, no money, but issued the bond. The bond is still out there; interest is still being paid. Ornge has been on the front page of the papers for four months, every single day, and you know nothing about this? You haven't followed the money from the Ontario government, to be able to assure me right here, right now, that you are keeping an eye on this, in this important position you hold with the provincial government, to make sure that not one of the taxpayers' dollars ends up paying this?

Mr. James Sinclair: Please understand that I am with the legal services branch. It's not our role to get involved in the finances of entities such as Ornge or anything else. We deal with legal obligations. We look at legal things on behalf of the Ministry of Finance, not the Ministry of Health. So what I know of the finances of Ornge and Ornge Issuer Trust is from what I read in the newspapers.

M^{me} France Gélinas: In your branch of the ministry right now, this file is not active? You're not looking, as to the legal implications for finance, into the debt of Ornge? Nobody's looking at this? It's not your business?

Mr. James Sinclair: That's not what I said. I said that we don't get involved in the finances, the accounting, whether Ornge Issuer Trust has the wherewithal to make its payments under the bonds that were issued. I'm not—

M^{me} France Gélinas: How about the province having the legal obligation to pay?

Mr. James Sinclair: But I've answered that question, and my opinion on that is that the province does not have the legal obligation to pay.

M^{me} France Gélinas: And you know this as of today? You've checked recently? Nothing new has appeared on this file? Legally, you know as of today that we don't have to pay.

Mr. James Sinclair: That's my opinion. As of today, there is no legal obligation on the part of the province to pay.

M^{me} France Gélinas: Go.

The Chair (Mr. Norm Miller): Go ahead, Mr. Singh.

Mr. Jagmeet Singh: Thank you very much. Ornge is, for the vast majority, provincially funded. You'd agree with that?

Mr. James Sinclair: That's my understanding.

Mr. Jagmeet Singh: And the purpose of the sunshine list is essentially to know where public dollars are being spent. That's one of the purposes behind it. Would you agree with that?

Mr. James Sinclair: No.

Mr. Jagmeet Singh: You wouldn't agree with that?

Mr. James Sinclair: Lots of money gets spent for things other than salaries. The sunshine list is about where salary dollars and benefit dollars are spent, but that's a subset of what you asked. I partially agree, but it's not the whole thing.

Mr. Jagmeet Singh: So it's one way of knowing where some of the money that's our public money is being spent? Would you agree with that statement?

Mr. James Sinclair: On salaries.

Mr. Jagmeet Singh: On salaries, yes. And the purpose is, it's a mechanism, it's one form of oversight. Would you agree that one of its purposes is a type of oversight?

Mr. James Sinclair: I'm not sure that there's oversight in connection with it, but presumably it could be used as a tool by those who have oversight over the various institutions that report.

Mr. Jagmeet Singh: That's good enough. So the CEO of, essentially, a completely provincially funded organization is on the sunshine list one year and is no longer on the sunshine list the next year. Does that send any flags in your ministry, or in your role?

Mr. James Sinclair: As I explained in my opening remarks, the Ornge entity was structured in a way so that it would be outside of the purview of the Public Sector Salary Disclosure Act. Does that raise flags for me? Maybe it raises flags, but there are lots of reasons to structure businesses that are outside of trying to skirt the PSSDA.

Mr. Jagmeet Singh: So for you, it maybe would raise flags. But you'd agree with me, though, in terms of the spirit of what the sunshine list is—maybe not the letter of the law, because if there's a way of restructuring it so that the private entities are providing the income, technically it's not breaching the letter of the law. But in terms of the spirit of what the sunshine list is hoping to achieve, do you agree with me that it's a violation of the spirit of the sunshine list to have the CEO of, essentially, a 100% publicly funded institution not disclosing his salary?

Mr. James Sinclair: No, I wouldn't agree with that. People come on and off the list all the time. There are lots of reasons for people coming on and off the list. I think that if we were to say that wherever there's provincial funding, those salaries should be indicated on the list if they're over \$100,000, the list will become less and less meaningful. The province provided funding to General Motors, but we don't have General Motors salaries on our list. It, too, is a for-profit entity. Ornge Global Holdings is a for-profit entity. The salaries of the people who are presumably the officers and directors of that entity aren't reported because it's not caught by the salary disclosure act.

Mr. Jagmeet Singh: Just to draw a distinction, though, I'm asking you about Ornge, the public entity; not the other subsidiaries, but Ornge the public entity, the air ambulance provider. The CEO of that institution was Dr. Mazza, and his salary was not disclosed. Do you find that that was a violation of the spirit of the sunshine list: the fact that he, as the CEO of a completely publicly funded institution, was not disclosing his salary, despite the fact that there were private entities as well?

Mr. James Sinclair: Well, I think that if he was not being compensated by that entity, then he wouldn't be caught by the Public Sector Salary Disclosure Act.

M^{me} France Gélinas: How do you make sure that employers do follow the PSSDA?

Mr. James Sinclair: It's the employer's responsibility to review the act and to determine whether or not their employees are caught by the provisions of the act.

M^{me} France Gélinas: If an employer does not follow the act, how do you find out?

Mr. James Sinclair: Please bear in mind that this isn't a primary responsibility of the legal services branch, so I don't get involved in the compilation of the compendium that contains all of the salaries that are caught by the PSSDA. So I don't know the answer to that question. I don't know how the ministry determines whether or not employees should or should not be on the list. But I will say that it is the obligation of the employers themselves and not of the Ministry of Finance to determine whether employees should or should not be on the list.

0950

The Chair (Mr. Norm Miller): You have 30 seconds left, France.

M^{me} France Gélinas: So we could have many other Ornge employers out there shielding salaries from the sunshine list and there is nothing in the legal branch in your ministry—no flags would be raised, no accountability mechanism. We just don't know?

Mr. James Sinclair: I don't agree with that. There are accountability mechanisms. The ministry can withhold funding if the act is not being complied with. If the act is being complied with, then that's not something we involve—at the legal services branch, we don't involve ourselves with situations where statutes are being complied with.

The Chair (Mr. Norm Miller): And we move on to the government now. Who would like to ask questions? Mr. Moridi.

Mr. Reza Moridi: Thank you, Mr. Sinclair, for appearing before this committee.

Mr. Sinclair, you are the director of legal services at the Ministry of Finance.

Mr. James Sinclair: I am.

Mr. Reza Moridi: Could you please tell us when you started at your job as director?

Mr. James Sinclair: In December 2008.

Mr. Reza Moridi: And before assuming this position at the Ministry of Finance, could you tell us where you worked and what was your role in your previous jobs?

Mr. James Sinclair: I was at Northwater Capital Management, an investment management firm. I was chief legal officer and chief compliance officer at that organization for almost 14 years. Prior to that, I was the senior counsel, derivatives, at the Ontario Securities Commission for five years. And before that, I was at a law firm now known as Gowlings.

Mr. Reza Moridi: Thank you. Could you tell us the role played by the Ministry of Finance in cases where entities such as Ornge seek to raise money through a bond offering?

Mr. James Sinclair: Can you restate that question, please?

Mr. Reza Moridi: The role of the Ministry of Finance when entities such as Ornge seek to raise money through a bond offering.

Mr. James Sinclair: Well, if an entity such as Ornge is raising money, the ministry doesn't have any responsibility for Ornge. So it typically would not be involved—that's why the legal services branch wasn't involved in the bond issuance itself. They may talk to the Ontario Financing Authority, which is in the capital markets every day, to get a feel for what the markets are like, but typically, in situations such as Ornge, the ministry wouldn't be particularly involved in those types of capital raises.

Mr. Reza Moridi: Thank you. Are you familiar with the \$270-million bond which Ornge has? They got it in 2009, I believe.

Mr. James Sinclair: I have familiarity from reading the offering memorandum.

Mr. Reza Moridi: Did you have a particular role in that bond offering?

Mr. James Sinclair: No, we had no role.

Mr. Reza Moridi: Did you review the offering memorandum?

Mr. James Sinclair: Yes, I did.

Mr. Reza Moridi: Did it cause you any concern when you reviewed the memorandum?

Mr. James Sinclair: No. It seems to be a fairly standard private placement memorandum for instruments of its kind.

Mr. Reza Moridi: So it looked normal to you?

Mr. James Sinclair: Yes.

Mr. Reza Moridi: There has been some confusion in the past as to whether or not the government is on the hook for this bond—the \$275 million raised by Ornge. Do you think the government's on the hook?

Mr. James Sinclair: I do not.

Mr. Reza Moridi: So we are not on the hook as a government?

Mr. James Sinclair: No. As I said before in an answer to some previous questions, the legal documentation is quite clear that the province is not liable for the obligations of the Ornge Issuer Trust.

Mr. Reza Moridi: In 2008, Ornge was consolidated on the books of the province of Ontario. Are you aware of that?

Mr. James Sinclair: Yes, I am.

Mr. Reza Moridi: Okay. What role did you play as the ministry's director of legal services in that process?

Mr. James Sinclair: I played no role. I'm not an accountant. We have a great accountant here with us. As the legal services branch, we would have had no role.

Mr. Reza Moridi: In your opinion, Mr. Sinclair, this kind of thing, which is basically putting Ornge or any entity on the province of Ontario's books—does it have any significance or any importance or any consequences, apart from the accounting procedures?

Mr. James Sinclair: There are really good reasons, obviously, to consolidate, and they help people who read the financial statements better understand the government and its finances. All I really want to say about that is that the fact of consolidation doesn't override the trust in-

denture which is clear in saying that the province doesn't have a liability vis-à-vis the bonds that were issued.

Mr. Reza Moridi: This consolidation—does it have any impact on the government?

Mr. James Sinclair: Presumably it has an impact on the government's finances, but as I said, it doesn't impact the legal liability that the government has for the bonds issued by the Ornge Issuer Trust—because it has none.

Mr. Reza Moridi: What is your role and the Ministry of Finance's role in relation to the Public Sector Salary Disclosure Act, which is known as the sunshine list?

Mr. James Sinclair: The ministry is responsible for compiling the information that employers throughout the government provide to it, where they determine that their employees are caught by the PSSDA. We, as the legal services branch, provide advice where there are questions that arise as a result of the application of that statute.

Mr. Reza Moridi: Dr. Mazza was on the sunshine list, and then he was taken off the list in 2008. Are you aware of that?

Mr. James Sinclair: I'm aware of that. He came off the list before I joined government, so I wasn't there at the time that he was on the list.

Mr. Reza Moridi: So you didn't play any role in that—

Mr. James Sinclair: I played no role in that.

The Chair (Mr. Norm Miller): You have a minute and a half left, Mr. Moridi.

Mr. Reza Moridi: Thank you.

What role do you think the Ministry of Finance played?

Mr. James Sinclair: I can only speculate. My speculation would be that the ministry would have received information from the Ministry of Health as to that ministry and its agencies' employees who should be caught by the list, and I would speculate that they would then have included that within the compilation that is the sunshine list.

Mr. Reza Moridi: Thank you very much.

The Chair (Mr. Norm Miller): Thank you very much.

Mr. Frank Klees: Chair?

The Chair (Mr. Norm Miller): Yes, Mr. Klees?

Mr. Frank Klees: I would ask—we do have a few minutes left—if we could divide the remaining time amongst the three caucuses.

The Chair (Mr. Norm Miller): Is there agreement to do that?

Mrs. Liz Sandals: Until 10:15.

The Chair (Mr. Norm Miller): Until 10:15. So it would be five minutes for each caucus. Agreed? Agreed.

Mr. Klees, you have five minutes.

Mr. Frank Klees: Thank you.

You've just, in response to my colleague's question, made the statement that there would be "an impact on the government's finances." That is the practical implication here of this \$275-million debt outstanding. Interest has to be paid and the capital has to be repaid, and notwithstanding the technicalities that may exist, the province of

Ontario is clearly on the hook for these interest payments and for the capital.

You referred to the offering memorandum. On page 19, there's a very specific reference here—and I'm going to read it into the record: "In the event of termination of the performance agreement, the province of Ontario would be able to take certain steps, in its discretion, to ensure continuity of the services provided by Ornge."

I think this actually contemplated what we have today, and that is that the organization, the issuer of this debt, defaults. Their business plan just has ceased to function, but the government of Ontario has a responsibility to ensure continuation of our ambulance service.

1000

It goes on to say, "The government of Ontario may take the following steps: (1) realizing on Ornge's interest as beneficiary of the issuer, which realization may include the repayment of all amounts owing by the issuer under the series A debentures and/or an assignment or transfer by the province of Ontario with the consent of the issuer."

The memorandum actually contemplates the eventual-ity of the issuer not being able to perform, and it provides for the province of Ontario to assume the payments.

I want to ask you again: Under the terms of the agreement, first of all, does the province of Ontario have the right to step in and assume the responsibilities and the obligations of the issuer based on the provisions clearly set out in the offering memorandum?

Mr. James Sinclair: As I said at the outset, the province is not liable for the payments under the bonds that were issued by the Ornge Issuer Trust. If there is a default, it can step into the shoes of the holder of the interest of the trust, Ornge. But as I also said at the outset, the offering memorandum and the trust indenture are clear that the beneficiary, whether it's Ornge or someone stepping into the shoes of Ornge, is not liable for the obligations that are the subject of the bonds.

Mr. Frank Klees: At the end of the day, it may not be legally, but in all practical terms, the taxpayers of this province are now on the hook.

I just have one other question. We referred earlier to the relationship of BNY Trust and its involvement in this offering. You're well familiar with that company. Can you confirm for me that Alfred Apps represented BNY Trust Company of Canada in that \$34-billion restructuring of asset-backed commercial paper?

Mr. James Sinclair: I can't confirm that because I just don't know whether he was or not.

Mr. Frank Klees: You were not involved in that rather significant transaction?

Mr. James Sinclair: I was involved in that transaction, both when I joined the ministry in late 2008, and, prior to that, I was a member of the proffered committee that was involved in the restructuring of that. There were lots of people around the table.

Mr. Frank Klees: You never had any contact?

Mr. James Sinclair: BNY Trust wouldn't have been a significant player around the table, so I don't remember whether Mr. Apps was there or not.

The Chair (Mr. Norm Miller): You have 30 seconds.

Mr. Frank Klees: But you never had any contact with Alfred Apps in any way in relation to that restructuring deal?

Mr. James Sinclair: No.

Mr. Frank Klees: Thank you.

Mr. James Sinclair: Uh—no.

Mr. Frank Klees: You hesitated.

Mr. James Sinclair: Well, I was just trying to remember the very end of the transaction, and, no; upon further reflection, no.

Mr. Frank Klees: He didn't show up at the closing party?

Mr. James Sinclair: I don't remember seeing him at the closing party.

Mr. Frank Klees: Thank you.

The Chair (Mr. Norm Miller): Thank you. We'll move to the NDP. Jagmeet?

Mr. Jagmeet Singh: Thank you very much. So, sir, just touching on the PSSDA, if there is a clear breach or if there is indication that a company or an institution is not complying with that, you indicated that the province could withhold funds.

Mr. James Sinclair: Yes.

Mr. Jagmeet Singh: How does that mechanism work, and was that mechanism available to the ministry with respect to Ornge?

Mr. James Sinclair: I'm not quite certain how it would work in practice. I would imagine that if the ministry was aware that there was non-compliance with a particular entity, and if that non-compliance was brought to them and they continued not to comply, it could then, under whatever funding that entity receives from the ministry, elect not to provide that funding or some of that funding. To my knowledge, that hasn't happened in the past.

Mr. Jagmeet Singh: That's right. It certainly hasn't happened with respect to Ornge. But that power is something that exists, and it's a part of the PSSDA?

Mr. James Sinclair: It is.

Mr. Jagmeet Singh: Okay. And that's regardless of any performance agreement or any other agreement between the province and any given entity?

Mr. James Sinclair: Correct. It's baked into the PSSDA.

Mr. Jagmeet Singh: And if a request was made for salary disclosure, for example, for Ornge, and the request was denied or turned down, would that provide a ground to use that power under the PSSDA to then withhold funding to the entity?

Mr. James Sinclair: Can you ask that again?

Mr. Jagmeet Singh: If the province made a request for salary disclosure—a request that you disclose the salary of the CEO of the public entity—and there was a denial or a refusal to comply with that request, would there still be the power to withhold funds under the PSSDA?

Mr. James Sinclair: Well, presumably, yes, as long as—there has to have been noncompliance with the statute.

Mr. Jagmeet Singh: Okay.

Mr. James Sinclair: So as we talked about before, in the instance that we're focused on here, Ornge Peel or Ornge Global Holdings, it was not—

Mr. Jagmeet Singh: Captured in the act.

Mr. James Sinclair: —caught by the act because of the way it was structured.

Mr. Jagmeet Singh: Okay. France?

M^{me} France Gélinas: I want to know, in your experience of reviewing legal documents for the Ministry of Finance, have you come across many times where a transfer payment agency of the government has given personal loans to an Ontarian, to a person in Ontario?

Mr. James Sinclair: Not in my time here at the ministry; I have not encountered that.

M^{me} France Gélinas: So you have been here for four years.

Mr. James Sinclair: Three and a half.

M^{me} France Gélinas: Three and a half years, and you don't know of any other transfer payment agencies that signed legal documents that say, "We're going to give you a million-dollar personal loan"?

Mr. James Sinclair: I haven't been involved in anything like that.

M^{me} France Gélinas: Do you have an opinion on that?

Mr. James Sinclair: I don't know enough about the circumstances surrounding the loans in this case that I think you're referring to to have an opinion. So, no, I don't have an opinion.

M^{me} France Gélinas: Is it in the business of the government to give personal loans?

Mr. James Sinclair: No. To my knowledge, it's not in the business of government to give personal loans, but there may be programs out there for which personal loans are provided. I just don't know.

M^{me} France Gélinas: But you've never come across one?

Mr. James Sinclair: Not in this context.

M^{me} France Gélinas: I've been in the health care system for 25 years and I've never seen one either.

The Chair (Mr. Norm Miller): You have a minute left.

M^{me} France Gélinas: Do you want to finish?

The Chair (Mr. Norm Miller): Jagmeet?

Mr. Jagmeet Singh: Yes, sure. Just going back to the concept—I mean, the purpose of the salary disclosure, what I want to just understand from you is, is there in any way, in your mind, as someone who oversees this component in some regard, that there's something wrong with the idea that a CEO of a public institution is not providing any salary disclosure though he's a CEO of a public institution? Is there anything that's wrong in the sense that it's violating the spirit of salary disclosure for a public servant?

Mr. James Sinclair: This hearkens back to our earlier conversation and, really, it depends on what the purpose of the act is. If it's to report publicly where salaries are in excess of \$100,000, then it isn't problematic, and that's the reality that we're dealing with. That's what the PSSDA says.

If the requirement is that it should be the five top executives, the CEO included—their salaries should be reported, even if it's only a dollar a year—then it would violate the spirit of the act, but that's not the act that we're dealing with.

We're dealing with legislation that is very good at certain things, but those things are limited, and they're limited because it only seeks information about salary and benefits, and that's taxable salary and taxable benefits. So it has a very limited scope.

What has happened here in this Ornge arrangement is that, for whatever reason—it may have nothing to do with the PSSDA; I just don't know—a structure was created where an entity was for-profit and outside of the scope of the PSSDA. It's not as easy as a stroke of a pen to re-establish a connection to a for-profit entity. There will be lots of implications for doing that, and we would have to think very carefully about what those implications are, before doing that, and whether or not it's appropriate for the government to seek the salary information for for-profit entities that receive money from the government.

The Chair (Mr. Norm Miller): If we can move to the government, then, please.

Mrs. Liz Sandals: Yes, thank you, just a couple of quick questions. First of all, to the best of your knowledge, there was no failure to comply with the PSSDA, as the act is written?

Mr. James Sinclair: Correct.

Mrs. Liz Sandals: And given that there was no failure to comply, there would be no cause for either the Ministry of Finance or the Ministry of Health to withhold funding to Ornge, under the PSSDA?

Mr. James Sinclair: Correct.

Mrs. Liz Sandals: And then with respect to the bond issue, if Ornge, in any of its entities, fails to pay the interest on the bond to the holders, is the Ministry of Finance under any obligation to pay?

Mr. James Sinclair: There's no legal obligation for the Ministry of Finance to pay if there's a default on the interest payments under the bonds.

Mrs. Liz Sandals: So there is absolutely no obligation under any circumstance for the government of Ontario, in any guise, to step in if there's a default on that bond. There is no obligation on behalf of the government.

Mr. James Sinclair: There's no legal obligation on behalf of the government.

Mrs. Liz Sandals: Thank you very much. I have no further questions.

The Chair (Mr. Norm Miller): Very well. Thank you very much for coming and for taking some extra time this morning. We appreciate it.

Mr. James Sinclair: Great. Thanks.

The Chair (Mr. Norm Miller): Take care. We're recessed now.

The committee recessed from 1013 to 1232.

MR. RICK POTTER

The Chair (Mr. Norm Miller): Okay, I'll call the meeting to order. Yes, Mr. Zimmer?

Mr. David Zimmer: What is the—

The Chair (Mr. Norm Miller): Order?

Mr. David Zimmer: Yes. The time—

Mrs. Liz Sandals: What's the time allocation?

The Chair (Mr. Norm Miller): The time allocation would be 10 minutes for an opening statement, then 20 minutes each for the parties twice, basically. Then whatever leftover time there is I'll split equally.

I'd like to invite our witness for the afternoon, Mr. Rick Potter, to come forward. Welcome, Mr. Potter. Thank you for making the trip from Thunder Bay. Just to confirm that you received the information for a witness coming before the committee?

Mr. Rick Potter: No, I've received nothing.

Interjection.

The Chair (Mr. Norm Miller): You received it by email, the—

Mr. Rick Potter: If I have, I haven't had a chance to read it.

The Chair (Mr. Norm Miller): Okay. Then we have a copy for you here. I'm going to give you this and give you time to read it before we start

Mr. Rick Potter: Sure.

Interjections.

The Chair (Mr. Norm Miller): You're fine?

Interjection.

The Chair (Mr. Norm Miller): Good. Our clerk has an oath for you to swear.

The Clerk of the Committee (Mr. William Short): Mr. Potter, there's a Bible in front of you there to swear your oath. Mr. Potter, do you solemnly swear that the evidence you shall give to this committee touching the subject of the present inquiry shall be the truth, the whole truth and nothing but the truth, so help you God?

Mr. Rick Potter: I do.

The Chair (Mr. Norm Miller): Very well. You have up to 10 minutes for an opening statement and then there will be questions from the three parties.

Mr. Rick Potter: I don't really have much of an opening statement. I think you've got my biography in front of you. I think you'd be better served by the time asking me questions.

Mr. David Zimmer: Sorry, I'm just having trouble hearing you.

Mr. Rick Potter: I said that you have my biography and CV in front of you, and I think the time would be better served with questions.

The Chair (Mr. Norm Miller): Okay, that's very well, then. I think we caught the NDP by surprise, but the NDP has the first round of questioning here. Who would

like to go first? Ms. Gélinas. You have up to 20 minutes and we'll do rotations.

M^{me} France Gélinas: Pleased to meet you, Mr. Potter, and thank you for coming to Queen's Park. My first question is quite simple: Are you still employed by Ornge or any of its subsidiaries?

Mr. Rick Potter: As a contractor, I am currently being retained by Ornge.

M^{me} France Gélinas: And do you know which part of Ornge has retained your services?

Mr. Rick Potter: Ornge Air.

M^{me} France Gélinas: Ornge Air, the not-for-profit?

Mr. Rick Potter: That is correct.

M^{me} France Gélinas: What is it that you do right now?

Mr. Rick Potter: My primary purpose is to provide advice that helps them in the transition from the old management to the new management in the aviation field, and provide advice on safety and existing contracts.

M^{me} France Gélinas: Similar to what you were doing before?

Mr. Rick Potter: That's correct.

M^{me} France Gélinas: Is this a full-time job for you?

Mr. Rick Potter: I have a consulting firm on the side as well.

M^{me} France Gélinas: How much are you being paid to do this?

Mr. Rick Potter: I'm being paid the same remuneration I was at Ornge, roughly \$20,000 a month.

M^{me} France Gélinas: Okay.

Mr. Frank Klees: Sorry, how much?

Mr. Rick Potter: Twenty thousand dollars a month.

M^{me} France Gélinas: Thank you. How long of a contract have you signed with Ornge?

Mr. Rick Potter: It was for three months. It expires at the end of June—or end of May, I should say.

M^{me} France Gélinas: End of May? Okay. Any indication as to whether your employment with Ornge will terminate at the end of May, or do you think it will keep on a little bit longer?

Mr. Rick Potter: There's no indication, and I have no plans to continue on.

M^{me} France Gélinas: No plans to continue?

Mr. Rick Potter: No. I have commitments for the month of June.

M^{me} France Gélinas: Okay. Thank you.

Mr. Reza Moridi: Mr. Chair, it's difficult to hear Mr. Potter. Would it be possible to turn on the other mike as well?

Mr. Rick Potter: I'll speak up generally—

Mr. Reza Moridi: Is it possible to turn on the other mike as well?

The Chair (Mr. Norm Miller): Just speak slowly—

Mr. Rick Potter: Okay.

The Chair (Mr. Norm Miller): Thank you.

M^{me} France Gélinas: I don't think that helped.

In your previous role at Ornge, you were an executive. What titles did you have?

Mr. Rick Potter: Well, my first contact with Ornge per se—Ontario air ambulance—was as a board member, as is indicated in my bio. I was hired on as—I think the initial role was called a director, and then I think I went to associate VP, a VP, and then a chief operating officer, I believe.

M^{me} France Gélinas: How long were you the chief operating officer at Ornge?

Mr. Rick Potter: I believe for a period of about two years.

M^{me} France Gélinas: For about two years? So which part of Ornge did you have dealings with?

Mr. Rick Potter: Ornge Air.

M^{me} France Gélinas: Ornge Air only?

Mr. Rick Potter: No. I did some work for Ornge Global. Whenever any work for Ornge Global was done, it was recorded and those figures were submitted.

M^{me} France Gélinas: So you were working for Ornge Air, which is the air ambulance as we know it in Ontario. You know about the sunshine list, I take it, where people who are paid over \$100,000 a year, their name gets published?

Mr. Rick Potter: That's correct, yeah.

M^{me} France Gélinas: Yours was published up until 2008, and it was published as \$180,000 a year. Then in 2009, although you have told us that you were working for Ornge Air, your salary disappeared from the sunshine list. As a person in charge of finance, can you explain how come, as an employer, those numbers were not given to the ministry?

Mr. Rick Potter: That was a corporate decision that was made. I volunteered every year to have the salary published.

M^{me} France Gélinas: And it was a corporate decision that was made? By who?

Mr. Rick Potter: To my understanding, it was Maria Renzella.

M^{me} France Gélinas: Okay.

Interjection.

Mr. Rick Potter: Maria Renzella was our chief financial officer.

M^{me} France Gélinas: Did you ever question that decision?

Mr. Rick Potter: I did not question the decision.

M^{me} France Gélinas: But you knew that your salary had been on the sunshine list and was not anymore?

Mr. Rick Potter: That is correct.

M^{me} France Gélinas: Do you know if the Ministry of Health knew that?

Mr. Rick Potter: I have no knowledge of what the Ministry of Health knew.

M^{me} France Gélinas: No? Did Maria give any explanation as to why they had not provided your salary to the ministry?

Mr. Rick Potter: I believe her interpretation was that it was not required, that we were exempt.

M^{me} France Gélinas: That you were exempt? What changed from 2008 to 2009 that would have exempted you?

Mr. Rick Potter: I have no idea. As I said, I freely volunteered to have that information submitted. I had nothing to hide.

M^{me} France Gélinas: Okay. You say it was the decision of Maria Renzella that this decision was not shared. What the government is telling us is that this information was not shared because you were working for the for-profit side of Ornge, which is completely in opposition to what you just said. So you stand by your testimony that—

1240

Mr. Rick Potter: Every one of my paycheques since my first day of employment with Ornge Air up to the present time has been with Ornge Air.

M^{me} France Gélinas: Your paycheque has always been with Ornge Air?

Mr. Rick Potter: That is correct, ma'am.

M^{me} France Gélinas: Okay, the not-for-profit. And when you did do some work for Ornge Global, those hours were accounted separately. Did you get a second paycheque from Ornge Global?

Mr. Rick Potter: No.

M^{me} France Gélinas: So what was the point of keeping those hours separately?

Mr. Rick Potter: I was asked to keep a record of it. I had my executive assistant detail every meeting I had, every trip I had, as to where it should be most appropriately categorized.

M^{me} France Gélinas: But it did not influence your pay structure, as in you got the same amount of money every month when you got paid?

Mr. Rick Potter: That is correct.

M^{me} France Gélinas: Did you get paid every month or every two weeks?

Mr. Rick Potter: Every two weeks.

M^{me} France Gélinas: So it didn't matter if you did work for Ornge Global. You would keep track of your hours, your executive assistant would track them where they belong, but you got your pay every two weeks?

Mr. Rick Potter: That is correct.

M^{me} France Gélinas: And the signature on the pay was Ornge Air.

Mr. Rick Potter: That is correct.

M^{me} France Gélinas: The not-for-profit. Did you want to say something?

Mr. Jagmeet Singh: So with respect to that, just if you could break it down for me, how do you know—I don't know the cheque that you were receiving. Did the cheque actually indicate on it who was paying it? Did it say Ornge Air? Was it on a letterhead of some sort?

Mr. Rick Potter: I don't know if it was on the cheque, but there's actually a run you can do, because there was some question at some point in time as to the employment. Even though a novation, I believe it's called, was issued in the fall of 2011, I was never switched over to Ornge Global. I was always with Ornge Air and my pay always came from Ornge Air accounts.

Mr. Jagmeet Singh: Sorry, I missed that portion. At one point there was a switch, but you didn't switch over? What did you mean by that?

Mr. Rick Potter: I believe in November of 2011, there was—I think it's called a novation. I'll have to refer to legal counsel for the right term.

Mr. Jagmeet Singh: An ovation?

Mr. Rick Potter: I think it's called a novation, where they move you from one division to another. I never moved over. I always stayed with Ornge Air.

Mr. Jagmeet Singh: Okay. With respect to your salary disclosure, you were content to disclose it at all times, you had no problem disclosing it, but your understanding is that it was a corporate decision not to disclose it?

Mr. Rick Potter: That is correct. We were advised, actually, that we were prohibited from disclosing it. What happened in the last year was that if we had disclosed our salaries—the gross amount of executive pay was out there, and by deduction you could have found out what Dr. Mazza's salary was, and that would have been a violation of his rights. That's what I was advised.

Mr. Jagmeet Singh: Who advised you that it would have been a violation of his rights?

Mr. Rick Potter: I believe our legal counsel did.

Mr. Jagmeet Singh: Who is your legal counsel?

Mr. Rick Potter: Cindy Heinz.

Mr. Jagmeet Singh: Cindy Heinz? Okay. If I can just ask you some questions now, just shifting over to the operation of Ornge: When you initially were involved, were you aware that the initial mandate of Ornge was not to purchase its own fleet of helicopters and aircraft, but to outsource that and to have its own source of paramedics and medical personnel?

Mr. Rick Potter: That was not the direction I was given.

Mr. Jagmeet Singh: Okay. Can you explain?

Mr. Rick Potter: Actually, the reason I was brought on was essentially safety-based. There was some concern over the number of operators. I believe, in 2007, there were almost 100 aircraft being flown by over 30 different operators. Many of those aircraft were old, some antiquated. Many of the operators were one-aircraft operators, very small operations. Many of the aircraft were still piston-powered—piston engines like in a car, as opposed to turbine. I don't want to get too technical; if I do, someone stop me. A lot of them were actually still unpressurized. One of the mandates was to do an investigation on the history of compliance with our contracted carriers and to find a more efficient and safer way of operating.

Mr. Jagmeet Singh: I'm just going to ask you a couple of more questions before I pass it on to my colleague. I wanted to get to the heart of—was the Ministry of Health apprised or advised along the way of the operations at Ornge?

Mr. Rick Potter: I never had any dealings with the Ministry of Health in my tenure.

Mr. Jagmeet Singh: Are you aware, just in general, of the Ministry of Health being apprised of anything or given briefings, or if they attended and they met with other officials at Ornge?

Mr. Rick Potter: All the communication with the Ministry of Health was either with Steve Farquhar, Tom Lepine or, I guess, Chris Mazza directly.

Mr. Jagmeet Singh: Okay, so you didn't have any dealings—

Mr. Rick Potter: That is correct.

Mr. Jagmeet Singh: Okay.

M^{me} France Gélinas: The problems with the layout of the inside of the new helicopter have been reported in the press for quite some time. When did you become aware that the paramedics could not perform CPR, for example, in the helicopters?

Mr. Rick Potter: Basically, it was just prior to going to the press, to be honest with you.

I think it's really important to understand the role of aviation at Ornge. With all due respect to southern Ontario people, I think you have to understand that Ornge's business is 82% in northern Ontario; 56% to 60% is northwestern Ontario. It is very much a Toronto-centric, medic-centric, rotor-centric organization. To understand that will put some of the other things in context.

The interiors for the helicopters were solely the purview of operations. Aviation had absolutely nothing to do with it; we were prohibited from being involved in it. Our only involvement was essentially to define the allowable weight for the interior, the centre of gravity, and to look at some of the electrical inputs that would be required. It was 100% the purview of operations to design the interior of their choice.

Now, we volunteered—we actually fought on numerous occasions to try to have more input, because we were afraid of what the outcome might be. I was aware that we sent a team to Switzerland—I believe twice—and I was told that the team was excited, and that the aircraft interior was fully functional as a result of that.

M^{me} France Gélinas: Okay, and then none of the pilots that you worked with ever mentioned the problems with the interior?

Mr. Rick Potter: Essentially, there are sort of two different worlds, okay? The pilots are concerned with the aircraft, the operation of the aircraft etc. The pilots had no input whatsoever and were not asked—aviation was not asked and had no input whatsoever—in the design of any of the interiors.

M^{me} France Gélinas: But there are some dull times when you're downloading your patients. Pilots and paramedics do end up talking. None of them ever talked about problems with the interior?

Mr. Rick Potter: No pilot at any point in time ever expressed a concern about the interior to me, other than the fact that the interior came in heavy, which limited our fuel.

M^{me} France Gélinas: Which was then in your purview?

Mr. Rick Potter: Yes.

M^{me} France Gélinas: Okay. Were there any issues with the helicopters that had been chosen that were ever brought to your attention?

Mr. Rick Potter: Well, we had reliability issues, certainly, at the start of implementation. With any new aircraft, you're going to have teething problems, and that was an accepted fact, or we knew it was a proven fact. We increased the redundancy of the number of aircraft in anticipation of that.

As far as the selection of the aircraft goes, I stand by the selection. I think the committee stands by the selection. It's still, as we see here today, the most advanced aircraft. That's been proven by 92 different agencies—there are 92 aircraft being used in medical transport search and rescue around the world that are AW139s. There are over 500 aircraft flying and there's a backlog of two years to get new ones.

M^{me} France Gélinas: What are some of the reliability issues that you had to deal with at the beginning?

Mr. Rick Potter: Well, the aircraft—there were limitations placed on the main rotor and the tail rotor life usage limits, which increased some of the maintenance. Parts logistics management was a bit of a challenge. Spares were a bit of a challenge. Training slots were very finite, so it was always difficult getting training slots.

But I think it's important to understand the context. When we brought the AW139s online and put them in service, Ornge itself at that time did not have an aircraft maintenance organization. Ornge only could accomplish the maintenance through CHL, and CHL have told me on numerous occasions they would do absolutely nothing to expedite or help in the transfer.

M^{me} France Gélinas: All right. Was it part of your responsibility to seek to have better maintenance available?

Mr. Rick Potter: Oh, we have top-quality maintenance. It wasn't the quality of the maintenance. It was the expediency of the maintenance, and the expediency of the maintenance translates to the availability of the aircraft.

M^{me} France Gélinas: So am I to understand from what you're saying that some of the aircraft might not have been available because of the lack of expediency of the maintenance done by CHL?

1250

Mr. Rick Potter: I believe that to be a fact. I believe that there's a learning curve. I think we have to appreciate that most of the maintenance people worked on the Sikorsky aircraft for 25 years and have probably done every procedure 50 or 60 times. They could do it with their eyes closed.

So you have a brand new, high-technology aircraft; it's a completely different generation, it's a different machine. There is an anticipated learning curve. It's going to take us longer to do a check on a new aircraft than it is on an older aircraft, until we can prejudge what parts we need out there, etc.

M^{me} France Gélinas: Where would—

Mrs. Liz Sandals: Chair, can we just have, as part of the Hansard record, what CHL is?

Mr. Rick Potter: Canadian Helicopters Ltd.

M^{me} France Gélinas: I lost my train of thought there.

Where would you say Ornge is at on this curve of being able to maintain their helicopters in an expedient way?

Mr. Rick Potter: As we speak today?

M^{me} France Gélinas: As we speak today.

Mr. Rick Potter: I think Ornge is probably 90% or 95% where they should be. We knew that it would take at least a year to two years to do that. That's exactly what happened. It evolved. The training has been completed with all of the technicians. Parts availability has been largely remedied. Spares and stores have been remedied. Part of that is because we're not working through CHL anymore.

The Chair (Mr. Norm Miller): Mr. Potter, if I can just ask you to move a little bit away from the microphone now; we're getting noise happening. Thank you.

Mr. Jagmeet Singh: Mr. Potter, I just want to go back to your salary and the salary arrangement. The way you received your salary before and the way you receive it now: Is it the same, still?

Mr. Rick Potter: Yes.

Mr. Jagmeet Singh: And the cheque that you receive is the same type of cheque?

Mr. Rick Potter: I believe so.

Mr. Jagmeet Singh: Would you be able to table that with this committee? You can block out anything that's personal on there, with your personal address.

Mr. Rick Potter: I have no problem with that.

Mr. Jagmeet Singh: And you confirm that what you'll be tabling is the same thing you received throughout your employment at Ornge?

Mr. Rick Potter: Do you mean how I'm being paid as a consultant versus a substantive employee?

Mr. Jagmeet Singh: Yes.

Mr. Rick Potter: Sure.

Mr. Jagmeet Singh: Okay. And you agree, it's the same form of payment that you're getting as a consultant now—

Mr. Rick Potter: It's the same amount.

Mr. Jagmeet Singh: The same amount, but it's also the same in terms of the way it's being paid, the cheque or the form of payment?

Mr. Rick Potter: It's monthly instead of every two weeks, but—

Mr. Jagmeet Singh: Okay, but besides that, it's still the same source of income coming from Ornge and it's the same labelling or the same way you can identify that you're being paid by Ornge ambulance, not by Ornge Global or anything else?

Mr. Rick Potter: Yes.

Mr. Jagmeet Singh: Okay. Thank you very much.

M^{me} France Gélinas: There are quite a few comments that we hear that the helicopters are really costly to operate, their fuel consumption is way more than what a fixed-wing would be, and that this particular helicopter is especially costly to use. Do you have any comments on that?

Mr. Rick Potter: That's true. The helicopters operate at, generally, about 300% of what a fixed-wing aircraft would cost, if you're comparing the AW139 versus the Pilatus PC-12. It is a dedicated machine which has a specific operating environment and it's designed to operate in a specific environment. It is not designed to fly airport to airport or beyond 100 nautical miles. It gets grossly inefficient. But it does extremely well at the roles that it has to do: landing in confined areas, on highways, in remote areas. That's what it's designed for. That's the cost of operation.

The aircraft has about 30% more performance than the S-76, and there is some advantage to that as well.

The Chair (Mr. Norm Miller): You have a minute left, France.

M^{me} France Gélinas: Okay. So how do you reconcile what you just said with the fact that the number of bases for Ornge actually decreased after—if the helicopters are not to be used for airport to airport but really to be used to go where there are no airports, why is it that more and more—I'm from northern Ontario. We would get helicopters coming in from southern Ontario to service people in my riding.

Mr. Rick Potter: How the actual aircraft are dispatched and used by the OCC at Ornge is not under aviation's control. We provide the tools and how they do it. We suggest how they do it. We suggest operating practices and the most efficient practices. But at the end, medical necessity and expedience trump everything.

The Chair (Mr. Norm Miller): We'll move to the government now. Who would like to ask questions? Mr. Zimmer. Go ahead, Mr. Zimmer.

Mr. David Zimmer: Thank you very much for attending today. When did you first meet Dr. Mazza?

Mr. Rick Potter: That would probably be—I'm thinking 2005, 2006.

Mr. David Zimmer: And what were the circumstances of that meeting?

Mr. Rick Potter: I was asked to join the board of directors.

Mr. David Zimmer: Who asked you to join the board of directors?

Mr. Rick Potter: Kelly Mitchell.

Mr. David Zimmer: She approached you?

Mr. Rick Potter: Kelly Mitchell—

Mr. David Zimmer: I'm sorry. He approached you?

Mr. Rick Potter: Yes. Kelly Mitchell called me up and asked if I'd be interested in joining the board of directors. They were looking for some aviation expertise and, more particularly, northern Ontario expertise.

Mr. David Zimmer: Would that have been your first board experience, then, as opposed to operational, technical?

Mr. Rick Potter: No, sir. I've been on boards for 35 years.

Mr. David Zimmer: Did you have a conversation with Dr. Mazza before you took the decision to join the board?

Mr. Rick Potter: I had lunch with him, I believe, yeah.

Mr. David Zimmer: And what was your understanding of the contribution that you were expected to make to board discussions?

Mr. Rick Potter: As with any board member willing to participate in anything, but what he really wanted to access was some aviation knowledge and some northern Ontario knowledge.

Mr. David Zimmer: And what was your initial impression of Dr. Mazza?

Mr. Rick Potter: He's a very impressive individual.

Mr. David Zimmer: And in what way was he impressive?

Mr. Rick Potter: He's charismatic. He's a brilliant individual. He's enthusiastic, a visionary, a very impressive man.

Mr. David Zimmer: In terms of his vision for the Ontario air ambulance service, did he tell you what his vision was?

Mr. Rick Potter: Not at that time, sir.

Mr. David Zimmer: Did you subsequently find out what his vision was?

Mr. Rick Potter: Yes. As a board member—we were Ontario Air Ambulance at that point in time. I think it was probably about a year later when Ornge came about, and he'd share with the board, on an ongoing basis, what his vision was for Ornge.

Mr. David Zimmer: Okay. And generally speaking, what was his vision, as you understood it?

Mr. Rick Potter: My understanding is, his vision was to provide patient-centred, safe and quality transport for the people of Ontario.

Mr. David Zimmer: During your time on the board, how closely did you work with Dr. Mazza?

Mr. Rick Potter: On the board? I wasn't the senior board member like a chair or vice-chair or anything, but I was on a number of committees with Dr. Mazza as well.

Mr. David Zimmer: Would you say you spoke to him daily, weekly or monthly?

Mr. Rick Potter: Maybe monthly.

Mr. David Zimmer: And were those conversations initiated by you or by him?

Mr. Rick Potter: Principally by him.

Mr. David Zimmer: And when he initiated those conversations, what typically was the subject matter of the conversation?

Mr. Rick Potter: It was generally fact-based discussion: "What do you think about this?" or "What do you see as the cost?" or "What are the implications of this?"

Mr. David Zimmer: All on the technical aspects of operating aircraft?

Mr. Rick Potter: Very much so, yes.

Mr. David Zimmer: Okay. Dr. Mazza has been described variously in the media—and I assume you've been following the media—and other places. No?

Mr. Rick Potter: No.

Mr. David Zimmer: All right. Well, then, I'll tell you that he's been described, in the media and various other

places, as his management style: “tyrannical.” Would you agree with that or disagree with that?

Mr. Rick Potter: That would be accurate.

Mr. David Zimmer: And in what ways did the tyranny manifest itself from your point of view?

Mr. Rick Potter: Yelling and screaming.

Mr. David Zimmer: At you?

Mr. Rick Potter: Yes.

Mr. David Zimmer: And what was your reaction—

Mr. Rick Potter: I think I threatened to quit twice.

Mr. David Zimmer: I’m sorry?

Mr. Rick Potter: I think I threatened to quit twice.

Mr. David Zimmer: And what was his reaction to your threats?

Mr. Rick Potter: Then usually he’d go away and then about a day or two later you’d get a makeup call.

Mr. David Zimmer: He has also been described as “given to obsessive tendencies,” fixated on something. Do you agree with that?

Mr. Rick Potter: I think he was, as I say, a truly brilliant individual who had a number of things going on in his head at any time, so I don’t know that he would fixate.

Mr. David Zimmer: Was his management style, particularly in discussions with you or the board, of the style, “Look, it’s my way or the highway for anybody that disagrees with me”?

Mr. Rick Potter: I think it’s fair to say that Dr. Mazza is fairly singular in his direction.

Mr. David Zimmer: Okay. Reflecting back now, if you could identify one point in your time at Ornge when you sensed that the wheels were coming off or things were getting complicated or things were going in a direction that you saw danger signals, when would you say that point was?

1300

Mr. Rick Potter: I think it was the start of Ornge Global.

Mr. David Zimmer: Where would you put that on a calendar, roughly?

Mr. Rick Potter: I believe it would be the latter part of 2010.

Mr. David Zimmer: What were the signals or the things that you saw that made you think at that time that things were going awry?

Mr. Rick Potter: To be honest with you, I thought the idea was very suspect to start with. From our perspective as an organization, we built two airlines, two aircraft maintenance organizations, went from a staff of one to almost 200 in a period of three years. For us to take on more was pretty questionable. It’s one thing when you start moving into the whole business-jet realm and you start moving to the international scale—you’re in a whole different arena. The consequence of error is huge, the risk is huge, and I did not see any substantive business justification for it.

Mr. David Zimmer: I just want to come back to Kelly Mitchell. When Kelly Mitchell approached you, were you surprised at the approach?

Mr. Rick Potter: No. I knew Kelly through affiliations with the Conservative Party in the past.

Mr. David Zimmer: How long have you been a member of the Conservative Party?

Mr. Rick Potter: My mother took me campaigning when I was eight, so quite some time. I ran federally.

Mr. David Zimmer: All right. And then the events leading up to your joining Ornge—were you active in the party at that time or—

Mr. Rick Potter: Actually, no.

Mr. David Zimmer: Where did you run federally?

Mr. Rick Potter: Thunder Bay–Atikokan. The record is intact; they haven’t had a Conservative for about 45 years.

Mr. David Zimmer: Looking back on things, do you think the various criticisms of Dr. Mazza are fair or unfair—criticism, that is, of his management style, tyrannical style, his single-mindedness, his—

Mr. Rick Potter: I think Chris is singularly one of the most brilliant and gifted individuals I’ve ever had the pleasure to meet. As a public speaker, he is truly charismatic. He has a tremendous amount of assets. As a visionary, I think he’s unparalleled with that. His management style left something to be desired. It was somewhat confrontational, somewhat singular, somewhat polar, and that had a tendency to fragment, I think, the organization to some degree.

Mr. David Zimmer: So with all those management strengths that you’ve said he had—his vision, his commitment, his charisma and all of that sort of stuff—what was the downside in his personality that has caused this grief?

Mr. Rick Potter: The hardest part about aviation, as far as Ornge is concerned, is we were always the bad guys, because we were the guys who had to translate concept into reality. As I tried to explain to Chris on numerous occasions, I can only move at the speed of Transport Canada, the FAA; I can’t move any faster. Everything had to be done, basically, tomorrow, and it just doesn’t work that way in our world.

Mr. David Zimmer: As you know, the press about Dr. Mazza’s salary and how it worked its way up to about \$1.4 million—when did you become aware that his salary had risen up to \$1.4 million?

Mr. Rick Potter: I think when I read it in the press. We knew he made a lot of money, but I had no concept that it was that much.

Mr. David Zimmer: Were salary issues discussed at the board when you were on the board?

Mr. Rick Potter: When I was on the board, there was some discussion of salaries. You’re going to have to go back and look at the public record, but I believe his salary was more in the order of \$300,000 or \$400,00 at that time, which was sort of comparative.

Mr. David Zimmer: In points of time, you were on the board when his salary did get up to \$1.4 million.

Mr. Rick Potter: No.

Mr. David Zimmer: Had you left before then?

Mr. Rick Potter: Yes. I left five years ago. I had to leave the board to become an employee of Ornge.

Mr. David Zimmer: After you left the board, were you on some of the for-profit boards?

Mr. Rick Potter: No.

Mr. David Zimmer: That's the only board you've been on?

Mr. Rick Potter: Yes.

Mr. David Zimmer: All right. Thank you. Did you ever have any suspicions, while you were on the board, that Dr. Mazza's salary was becoming over-the-top?

Mr. Rick Potter: Absolutely none.

Mr. David Zimmer: Now that you know the salary got up to \$1.4 million, do you think that's an appropriate salary for the responsibilities that he had?

Mr. Rick Potter: No.

Mr. David Zimmer: Why do you say that?

Mr. Rick Potter: Comparative industry analysis.

Mr. David Zimmer: And what are the comparables in the industry for salary with comparable responsibilities?

Mr. Rick Potter: I believe the head of the hospital in Thunder Bay makes somewhere around \$300,000, and I think the new head of Barrie makes \$700,000. I look at the number of employees, I look at the span of responsibility, I look at the total budget responsible for. It's hard to justify.

Mr. David Zimmer: Just a ballpark figure: What would you say would be a reasonable salary for Dr. Mazza's position, given his responsibilities—\$400,000 or \$500,000?

Mr. Rick Potter: I would think in that neighbourhood.

Mr. David Zimmer: Last week, Kelly Long appeared before the committee. She described how she became an executive officer at Ornge, a vice-president. She also described herself as Dr. Mazza's partner, in the relationship sense, not in the business sense. Do you know Ms. Long?

Mr. Rick Potter: I know who she is, yes.

Mr. David Zimmer: Did you know her personally?

Mr. Rick Potter: Not terribly well, no.

Mr. David Zimmer: Did you know that she was, to use the expression, his "girlfriend"?

Mr. Rick Potter: Yes.

Mr. David Zimmer: Did you know that she was his girlfriend before she joined Ornge?

Mr. Rick Potter: No. Chris made an announcement that she was his girlfriend. I think he came into my office last August.

Mr. David Zimmer: I'm sorry, I missed that sequence.

Mr. Rick Potter: Chris came into my office—I think it was last August, but last summer sometime—and mentioned the fact that he was now going out with Kelly Long.

Mr. David Zimmer: What was her position at Ornge at that time?

Mr. Rick Potter: I don't know. I had nothing to do with her.

Mr. David Zimmer: But you knew she was his girlfriend?

Mr. Rick Potter: Yes.

Mr. David Zimmer: Do you think it was appropriate for an executive like Dr. Mazza to bring his girlfriend on board as one of his vice-presidents?

Mr. Rick Potter: I didn't make a judgment. I don't know whether there was a direct reporting responsibility there or not.

Mr. David Zimmer: Were you aware that she rose through the ranks very quickly? That is, she was working for a consulting company, Pathway. She was seconded by Pathway to Ornge to do some of their work and subsequently formally hired by Ornge as a VP, all in a very short period of time. Were you aware of that sequencing?

Mr. Rick Potter: I had no knowledge that she was working for Pathway or hired by Pathway.

Mr. David Zimmer: One of the comments that Ms. Long made last week was she was quite clear that she felt she deserved the promotions and deserved the salary she was getting and that there was nothing untoward about her being taken on at Ornge by Dr. Mazza. Do you think that was appropriate?

Mr. Rick Potter: I have no knowledge of her work so I couldn't comment on that.

Mr. David Zimmer: All right. I've got just one last question on this resumé business: I see on the resumé we have before us that there's an MBA in progress at Heriot-Watt University, Edinburgh, Scotland?

Mr. Rick Potter: That is correct.

Mr. David Zimmer: When did you start that degree?

Mr. Rick Potter: I think it was 1997 or something like that.

Mr. David Zimmer: When have you last done some coursework there?

Mr. Rick Potter: I haven't done any coursework, probably, for four or five years. I work about 80 to 90 hours a week at Ornge, or I did.

Mr. David Zimmer: Thank you. I think my colleague—

The Chair (Mr. Norm Miller): Ms. Sandals, and you have five minutes.

Mrs. Liz Sandals: I think my colleague Mr. Singh was trying to get some documentation around the source of your pay. I'm wondering if it would be possible to table your T4 slip from 2011.

1310

Mr. Rick Potter: Sure.

Mrs. Liz Sandals: We're not so much interested in the amounts; we're interested in the record of who, for the record, was the payer. Would that be helpful, Auditor?

Mr. Jim McCarter: Of course. I think what you're getting at—the committee—is it Ornge? There's also an Ornge Global Air and there's an Ornge Air. My sense is that on the T4, I think it would show which company actually made the payments, if that's what you're getting at, Ms. Sandals.

Mrs. Liz Sandals: Yes, that's what I'm looking for. So—

Mr. Rick Potter: Actually—sorry to interrupt. Because there was some confusion with the new CEO as to who I was employed with, I asked, and finance produced a report which showed that every one of my paycheques since day one was issued by Ornge Air. I could give you that if you want.

Mrs. Liz Sandals: That would be very, very helpful, because—

Mr. Rick Potter: Sure.

Mrs. Liz Sandals: To go back to this conversation: Trying to figure out who you were employed by and what position you held, whether it was Ornge Air, the non-profit, versus Ornge Global, is quite significant with respect to the public salary disclosure. We understand that you weren't trying to hide your salary, but whether or not it was reported is quite a significant issue to us.

I'm just trying to understand, then, how this worked, because from your point of view, you were the chief operating officer for Ornge Air. Who, if anyone, then, would have been the chief operating officer for Ornge Global?

Mr. Rick Potter: The Ornge Global company?

Mrs. Liz Sandals: Yes.

Mr. Rick Potter: I don't know.

Mrs. Liz Sandals: So if we were to have looked on the website or at the corporation documents at the time, would you have been listed as being in dual roles, as the chief operating officer for both entities?

Mr. Rick Potter: I'm not sure. The role of aviation, essentially, was not so much in brokering a deal or being involved in the deal. Basically, what happened was, for example, when they looked at AirMed and purchasing AirMed, we had no involvement whatsoever, other than the fact that then what happens is somebody says, "Okay, we want to do this. Go make it happen." So I meet with the FAA, the Department of Transportation etc. in the States to see if I can make that happen.

Mrs. Liz Sandals: But if the planes belonged to one of the private entities, which I understand they did, and if, in essence, if I understand correctly, Ornge Air contracted with Ornge Global to run the planes in some sort of convoluted thing—if you were supposed to make it happen where you—I'm just trying to figure it out. If the responsibility for making it happen had moved over to the for-profit side, and you were still on the non-profit side, somebody here has to be making it happen, as you put it. From your point of view, that was you.

Mr. Rick Potter: From a purely aviation—just getting the regulatory approvals to get the machines up and running.

The aircraft at no point in time could ever have been held by a Canadian corporation. That's against the law in the States. There's a 75-25 ownership regulation that prohibited that. You would have had to form a US corporation to do it.

Mrs. Liz Sandals: Okay, now you've got me really confused. You're saying there was somebody who was incorporated in the US that—

Mr. Rick Potter: There was not. It never got that far, but you would have had to go and form a separate corporation. By law, a Canadian can't operate in the States with more than 25% ownership.

Mrs. Liz Sandals: Oh, okay, I see. No, I'm just actually trying to figure out the Ontario air ambulance set-up, because if I've understood the auditor's report properly, many of the functions that we, as taxpayers or the Ministry of Health, thought were being carried out by Ornge Air, the non-profit, seemed to have been, on paper, contracted out to these for-profit entities, even within Ontario.

The Chair (Mr. Norm Miller): And you are out of time. You can answer the question, if you like, and then we'll move on.

Mrs. Liz Sandals: I'm sorry. Okay. We'll come back to this later.

Mr. Rick Potter: It's probably better if I come back, because I'm trying to process the question so I can get you the right answer.

Mrs. Liz Sandals: Okay.

The Chair (Mr. Norm Miller): Okay. We'll move on to Mr. Klees. Go ahead.

Mr. Frank Klees: Thank you. Mr. Potter, I'd like to follow up on two specific items. I want to start off with your comment that you made just a little bit earlier about the fact that you were concerned about the direction that things were going—that you had already, as an organization, taken on a huge task, that with all of the additional layers that were being envisioned, you had a serious concern. And based on your experience, I can imagine why.

As you were concerned, did you ever wonder where the Ministry of Health and the emergency health services branch had disappeared to in this process, that there was not someone knocking on the door, challenging where Ornge was headed?

Mr. Rick Potter: My understanding is that presentations had been made to the Ministry of Health, extensive presentations, and that the Ministry of Health was in support of the direction.

Mr. Frank Klees: We know that. My question is, did it concern you? Did you ever wonder why, despite the presentation and all of the disclosure to the Ministry of Health, that somebody at the Ministry of Health was not expressing some concern and was not raising some flags and was not doing some investigating into what's going on here?

Mr. Rick Potter: I probably thought about it. It wasn't really my purview. Our primary thing was to make sure that we, in point of fact, complied with the agreement and maintained the service in the province of Ontario, which we did.

Mr. Frank Klees: I understand. But you did think about why the Ministry of Health was simply allowing this to happen?

Mr. Rick Potter: I don't know that I would say that. From an aviation perspective, we were more aligned with the Ministry of Natural Resources than Health, because

the Ontario standards would govern the aviation activities.

Mr. Frank Klees: I'm trying to get to the heart of you as a professional. Knowing aviation, you were the key guy, according to your resumé. I look at the list of things that you were responsible for. It deals with audit and quality control. It deals with safety management systems. It deals with staff recruitment and training, labour-union relations, project management. There isn't anything that has to do with the front line of air ambulance service delivery that you were not responsible for.

Mr. Rick Potter: Pretty much.

Mr. Frank Klees: And so from that standpoint, knowing—and based on your earlier comment that you had some serious concerns about what it is you were taking on, as a professional, did you not question why the Ministry of Health was simply passive on what was happening here, knowing full well what their responsibilities are under the emergency health services branch, as well as what their responsibilities were under the performance agreement under which you were working?

Mr. Rick Potter: I guess my answer would be a qualified no. Did I have concerns from a safety perspective? Very much so. That amount of growth, in itself, is a challenge to manage from a safety perspective. We operate under the auspices and the regulation of Transport Canada. We are audited on a regular basis. If I had concerns regarding the safety aspect of it, that's where I would go, or the FAA.

From the Ministry of Health: As I say, I had no interface with anybody from the Ministry of Health in my tenure, so that did not really cross my mind.

Mr. Frank Klees: Okay. Let's talk about the aviation side. I understand that on August 20, 2008, SMS Aviation Safety Inc., a consulting firm, was working directly with you, and that they sent out an email to all of the air ambulance carriers that detailed Ornge's plan to acquire helicopters and airplanes, as well as to centralize the air operations to just three super bases. Can you confirm that?

Mr. Rick Potter: Part of the plan was to look at the economies of scale. The economies of scale involved three super bases. It was not just three super bases; it was primarily three super bases. That would have been Thunder Bay, Sudbury and—we'll call it GTA at that point; a decision hadn't been made.

1320

Mr. Frank Klees: Nevertheless, what you were doing is laying plans to basically consolidate the operation. Isn't that correct?

Mr. Rick Potter: What we were doing was consolidating the rotor and the fixed-wing operations, as opposed to consolidating the contracted carriers primary care.

Mr. Frank Klees: In the final analysis, it would result in Ornge operating from fewer bases throughout northern Ontario. Is that correct?

Mr. Rick Potter: I think it would result in Ornge operating from more optimum bases in northern Ontario.

Mr. Frank Klees: That wasn't my question. There would be fewer bases in northern Ontario that Ornge would be operating out of?

Mr. Rick Potter: I think that's probably correct.

Mr. Frank Klees: That is correct? How many fewer?

Mr. Rick Potter: My understanding was that we were still going to have operations primarily in Thunder Bay. There would also be operations in Sioux Lookout and I think, maybe, perhaps, reduced operations in Kenora. I'm not sure about the continuance of operations in Timmins, but expanded operations in Sudbury and expanded operations in the GTA.

Mr. Frank Klees: We've heard testimony here that the result of that reorganization would mean that, depending on weather, there would be a significant impact on being able to respond to certain calls, specifically if there was not an aircraft in a locality. It's one thing to take off; it's another thing to call an aircraft to land. Would you agree with that conclusion?

Mr. Rick Potter: No.

Mr. Frank Klees: You don't agree with that?

Mr. Rick Potter: I think the plan that we had would improve the overall efficiency and response time for the province of Ontario. There are several bases which, because of their extremity, don't get utilized, and what happens is that a number of people, because of over-utilization of other bases, don't get the service. What's important to understand is that aviation was a service provider. The way that I looked at it at Ornge, the way it was explained to me, is that we would look at designing a structure based on optimal aircraft utilization. That was impacted by operations. They would look at it from the paramedic side as well. Finally, Dr. Bruce Sawadsky and the medical team would look at it from the medical efficacy viewpoint. We had to work with all of those people to make any kind of decision.

Mr. Frank Klees: Thank you. I'd like to move to another focus. I'm assuming from your CV here that you were the main man in charge at Ornge, given the list of those responsibilities. I'd like to discuss the aircraft purchase agreement between AgustaWestland and Ornge. You were the COO. When did you first assume the responsibility as COO?

Mr. Rick Potter: I can't remember, to be honest with you. It's probably a matter of record, but I would think it was in the last two years.

Mr. Frank Klees: We have two records: Your CV says "2007"; the offering memorandum that was circulated with the \$275-million bond offering says "2009."

Mr. Rick Potter: Well, 2009 would be more accurate, rather than just saying, "Director, associate vice-president, vice-president, COO."

Mr. Frank Klees: Why is your CV that you gave us different from that? It says "2007."

Mr. Rick Potter: It's not different. That was my tenure at Ornge.

Mr. Frank Klees: No, it says, "Chief operating officer, 2007 to 2012."

Mr. Rick Potter: That's simply as opposed to putting "director" and "associate" and all the rest of the stuff and having the detail—

Mr. Frank Klees: Minor detail?

Mr. Rick Potter: I believe that to be true.

Mr. Frank Klees: Okay. Let's talk about your involvement in that purchase agreement. Which of the Ornge entities was a party to that aircraft purchase agreement?

Mr. Rick Potter: It would have been Ornge Air, but I believe the actual purchase was accomplished through, I think it's called BNY, and then the assets went to Ornge Issuer Trust.

Mr. Frank Klees: Who at Ornge was on the team that was tasked with negotiating that agreement?

Mr. Rick Potter: Maria Renzella was there, Chris Mazza, John Mackenzie, Tom Rothfels.

Mr. Frank Klees: Who was the lead on that team?

Mr. Rick Potter: It would have been Chris and Maria.

Mr. Frank Klees: They were actually engaged in the front-line negotiation?

Mr. Rick Potter: I believe so.

Mr. Frank Klees: Interesting. From beginning to end, what time frame did it take to actually negotiate that deal?

Mr. Rick Potter: I believe it to be in the order of months, probably six months.

Mr. Frank Klees: About six months?

Mr. Rick Potter: I'm guessing, okay?

Mr. Frank Klees: And in the end, the final price tag for the 12 helicopters was what?

Mr. Rick Potter: It depends what agreement you refer to.

Mr. Frank Klees: I'm talking about the initial purchase agreement.

Mr. Rick Potter: I'm going by memory here. I believe amendment 2 to the purchase agreement had a total value of 144—you've got it in front of you, you can refer there—and amendment 3, I believe, indicated a value of 152.

Mr. Frank Klees: I'm not familiar with the technical terms, so forgive me. You can correct me as we go along here. Can you briefly explain what the significance of the weight and balance specifications of the aircraft purchase agreement is?

Mr. Rick Potter: The performance of an aircraft is very much predicated on its max gross weight. Every pound over your designed gross weight basically is less fuel, less capacity, less capability of the aircraft.

The second part which happened with the AW139 aircraft is, with the higher gross takeoff weight, the 6,800-kilogram versus the 6,400-kilogram, they initially affixed a penalty to what they call "half-life" on the main rotor and tail rotor blades. In other words, every hour you flew above 6,400 kilograms counted two hours against those blades versus one, which has a significant economic impact.

Mr. Frank Klees: I understand that the original purchase agreement signed by Ornge included weight upgrades. Is that correct?

Mr. Rick Potter: That is correct, sir.

Mr. Frank Klees: Are you aware that Agusta finally got the actual regulatory weight upgrade? And are you aware that Agusta actually attempted to get Ornge to pay a premium of some \$600,000 per unit—

Mr. Rick Potter: It's \$668,000, sir.

Mr. Frank Klees: So \$668,000. Agusta, having negotiated for that weight upgrade in the original agreement, actually came back to you and said, "We need another \$668,000 per unit because we now have the regulatory approval for that upgrade." Is that right?

Mr. Rick Potter: That is correct, sir.

Mr. Frank Klees: Did you negotiate with Agusta to waive that weight upgrade?

Mr. Rick Potter: That is correct, sir.

Mr. Frank Klees: Were you successful?

Mr. Rick Potter: That is correct, sir.

Mr. Frank Klees: When you were successful in negotiating away some \$668,000 of additional cost per unit, you approached Dr. Mazza with that information?

Mr. Rick Potter: Yes, but—

Mr. Frank Klees: You must have been very satisfied with yourself for having been able to deliver that kind of result.

Mr. Rick Potter: What happened is this—and you can appreciate the complexity of trying to bring on 12 aircraft, a number of deficiencies etc. Anyway, to make a long story short, at the point where Lou Barlotta called me over the increase in gross weight, we had about \$2 million on the Ornge side of the equation for delivery penalties that they had failed on the contract. So we had \$2 million on our side of the balance sheet. It wasn't just the increased gross weight; there was an additional landing light, there were some communication package changes, some antenna configuration changes. I believe the Agusta side of the coin—he said I owed him \$12 million. So we had a debt of \$10 million. I discussed this with our committee we had to manage the Agusta things. I went down to Philadelphia and had a meeting with Lou Barlotta to discuss that.

Mr. Frank Klees: And you were successful. You came back and said, "Look, guys, I've been successful in negotiating away that six hundred—"

Mr. Rick Potter: Ten million dollars.

Mr. Frank Klees: How much?

Mr. Rick Potter: Ten million dollars.

Mr. Frank Klees: Ten million dollars. What was Dr. Mazza's reaction?

Mr. Rick Potter: Very cool and reserved.

Mr. Frank Klees: Did he not say at some point—and the words may not be correct—did he not express to you that he was not at all happy? Did he not say, "I have other plans for Agusta," and in fact direct that Ornge pay the additional fee, notwithstanding the fact that you had negotiated it away?

Mr. Rick Potter: I would answer thusly: I sent him an email—it was a Friday night; I remember that—saying, as you indicated earlier, that I thought this was a pretty good deal. We saved 10 million bucks. I got a very cool response, to which my reply, I remember vividly, was, “It doesn’t even deserve an ‘Attaboy’?” And he reluctantly said, “Attaboy.”

Mr. David Zimmer: I didn’t hear that.

Mr. Rick Potter: I said, “It doesn’t deserve an ‘Attaboy’?”

Anyway, that next week, he came to me and said, “Rick, there’s a value in that increase in gross weight.” I said, “No, there’s not, Chris. This is just”—I don’t know if we’ve got any aviation people, but this is kind of a standard thing which happens in the aviation industries. It’s a way to sort of jack up the price, to be quite honest with you, okay?

1330

I also reminded him that when Agusta submitted their proposal for those helicopters, it was based on the 6,800 kilogram. The performance was based on that; the selection was based on that.

I said, “There is no value in this. This is paper.” There was no material change to the aircraft. And he said, “Well, there are other things to be considered,” or something to that effect. I’m not quoting; I’m paraphrasing, okay? And that was it.

Mr. Frank Klees: And bottom line is, he directed that Ornge should pay that additional amount—

Mr. Rick Potter: Not to me, he didn’t, sir.

Mr. Frank Klees: Who would he have directed?

Mr. Rick Potter: I know that Maria Renzella came in shortly thereafter and said, “There has to be a value to this.” I said, “There’s absolutely none,” and I told her the same story.

My understanding is there was further conversation—I’m not sure who was party to that conversation—with Agusta, which resulted in amendment 3.

Mr. Frank Klees: So the amendment, essentially, resulted in Ornge paying the additional \$7.2 million, and Maria Renzella was then charged with finalizing that agreement. That agreement essentially became the marketing agreement that has been under discussion. Is that correct?

Mr. Rick Potter: I do not know that that’s the pathway that followed. I was not privy to the marketing agreement until, at one point, I found out that part of the marketing agreement was that we were supposed to provide an aircraft for trade shows and sales promotion. I said to Chris, “You’ve got to tell me what’s going on here, because I have to know, if we’re taking an aircraft out of rotation, what our commitment is, to assess what the impact is on that.”

Mr. Frank Klees: So knowing what you knew—you knew there was no value to this \$7.2 million. You challenged Dr. Mazza; you challenged Maria Renzella. Nevertheless, Ornge followed through, insisted on paying the \$7.2 million, and following that, it had to be papered somehow and that paper ultimately took essentially the

form of a marketing agreement with the exact amount of money attached to it.

Mr. Rick Potter: I do not know that.

Mr. Frank Klees: Okay.

Mrs. Liz Sandals: Chair, at one point, Mr. Potter nodded in agreement to having paid the extra. Could you just say “yes” to whatever—could we get a—

Mr. Rick Potter: Sure, we can say it’s a yes.

Mrs. Liz Sandals: Yes. We don’t pick up the nods in Hansard.

Mr. Rick Potter: Sorry.

Mrs. Liz Sandals: The yeses and the noes are important.

Mr. Rick Potter: I’m from northern Ontario. You have to give me some slack.

Mr. Frank Klees: So to your knowledge, did anyone—now you knew. As a major player at Ornge, you were well aware that now Ornge was paying \$7.2 million for air. You had to be concerned, knowing this is public money, knowing this is a public air ambulance service, knowing that there is going to be scrutiny. Did you approach anyone to express your concern about this transaction?

Mr. Rick Potter: I wouldn’t categorize it as saying I knew it was air, okay? But was I concerned over the—it’s the same thing as if you go and buy a car today at \$30,000. You don’t go buy it next week and pay the guy \$40,000.

Mr. Frank Klees: You had said before that you told Dr. Mazza there was no value in this.

Mr. Rick Potter: That is correct. So what I did is, as I said, I talked to Dr. Mazza. I talked to Maria Renzella. I talked to Christine—not Christine. Our lawyer—

Mr. Frank Klees: Cynthia Heinz?

Mr. Rick Potter: Cynthia Heinz, sorry. I talked to Cynthia Heinz and I said, “Look, this is nuts. This is not a secret.” What I had done when I came back was share it with our committee, because we had a list of ongoing challenges with Agusta we were trying to solve and say, “We can strike this off the list, this off the list and this off the list.” There were any number of people who were well aware of that. In fact, I had reported to the executive committee what had happened that time. I said, “This doesn’t make any sense to me.”

I called Lou Bartolotta at AgustaWestland and said, “Lou, what the heck is going on here?” He said, “Well, we do this all the time.” And then I said, “Look, I can’t see how the hell you’re doing this”—pardon me. “I can’t see how you’re doing this.” And that was it. I said, “Is your CEO aware of this? Is your CFO aware of this?” and he said, “Yes.” I said, “Okay.”

The Chair (Mr. Norm Miller): You’re on your last 30 seconds.

Mr. Frank Klees: You know, if you don’t mind, Chair, I don’t know if my colleagues would agree—we have another round. Would my colleagues agree if I can just follow through for a few more minutes on this line of questioning?

The Chair (Mr. Norm Miller): We would deduct the time—

Mrs. Liz Sandals: As long as Mr. Miller is keeping the time very carefully.

The Chair (Mr. Norm Miller): Yes, I'll keep track.

Mr. Frank Klees: Thank you. I appreciate that.

So essentially, what you confirmed with Mr. Bartolotta is that, first of all he, on the Agusta side, was willing to do this and that his COO—or CFO?

Mr. Rick Potter: CEO, I believe—was aware.

Mr. Frank Klees: —was also familiar. And they said, "Well, we do this all the time." It's a matter of how they do business.

Mr. Rick Potter: That was my take on what his thing was, and I said, "Okay, I give up."

Mr. Frank Klees: And on the Ornge side, we have the corporate in-house lawyer, Cynthia Heinz, and we have Maria Renzella, who is the CFO, negotiating this deal. They knew there was no value to this, but they were putting together an agreement with a value of \$7.2 million.

Mr. Rick Potter: I do not know how they came up with the \$7.2 million.

Mr. Frank Klees: Okay. We'll find out at some point I guess, right? But here is my follow-up question to you: Did you at any time feel compelled to go to someone on the board of directors? If this executive group was willing to be complicit in this exercise, surely the fact that you sat on the board as a director—you know that a director has fiduciary responsibilities. Did you at any time make an effort to contact anyone on the board of directors to share with them what you clearly saw was something that wasn't quite in keeping with the way business should be done?

Mr. Rick Potter: I did not contact the board of directors; I thought it would be inappropriate as a staff member. I contacted seven people, including legal counsel, and confirmed that the legal counsel on both sides was in agreement with this. My assumption was that I was obviously missing something.

Mr. Frank Klees: In retrospect, do you think it might have been a good idea to go to someone on the board to say, "Look, we've got something going very wrong here"?

Mr. Rick Potter: I'm still not aware of the details of the marketing agreement or if there's value in that, so I can't comment on that.

Mr. Frank Klees: You've read none of the wonderful reporting by the Toronto Star on this?

Mr. Rick Potter: No.

Mr. Frank Klees: We'll send you the clippings.

Chair, thanks.

The Chair (Mr. Norm Miller): Very good. We'll move on to the NDP, then. Who would like to ask questions? Jagmeet, go ahead.

Mr. Jagmeet Singh: Thank you so much. Mr. Potter, you were asked a question about when you started noticing that the wheels were falling off, that there was a downturn and some flags were raised. You indicated that

Ornge Global was one of the signs that something was wrong. Do you agree with that statement?

Mr. Rick Potter: I'm not sure what context of the "wrong" part you're referring to. I had genuine concerns from an aviation safety and aviation management perspective, to try to accomplish that with the finite resources we had. At that point in time, we had just finished starting up, under part 703, the airline operation for the Pilatus. We were in the midst of a difficult take-over with CHL. We were trying to get a 704 certificate for our rotor operation. We were trying to start an aircraft maintenance organization for helicopters. We were trying to start an aircraft maintenance organization for fixed-wing aircraft. We were trying to recruit pilots, we were trying to recruit maintenance engineers, and there had been no staff increase. The complexity of international operations, it's a different sphere as well.

Mr. Jagmeet Singh: Okay. So maybe I can just clarify the question, then. Did you have any concerns in general with the way Ornge was being run, in terms of its provision of quality of care or its provision of patient care, that drew concerns for you?

Mr. Rick Potter: From the perspective of aviation, absolutely none. We're very proud of the service we've provided.

Mr. Jagmeet Singh: Okay. When you indicated that Ornge Global was a concern, your concern was that it was spreading yourself too thin; that you already had a substantial increase of employees over a three-year period—200 new employees—and that to further expand would just be very difficult to do and would be spreading yourself too thin. Is that what you—

Mr. Rick Potter: That is correct.

Mr. Jagmeet Singh: Okay. You also indicated that there was no—I don't want to quote you, but something along the lines of that you didn't see a business benefit or an economic benefit or advantage to this idea of creating Ornge Global. Is that right? Is that what you said?

1340

Mr. Rick Potter: I'll answer your question in a long-winded manner. When Chris first said he wanted to form an airline, the first thing I said to him was, "You're nuts. I've been in aviation for 43 years. All I can tell you, Chris, is it's really expensive and it's going to be more expensive than I tell you. You're better off on a tightly managed contracted model if you could, given your 20% margins, and go with that." Anyway, that was the prelude to the fixed-wing.

Then, as complex as fixed-wing is, rotor is probably five or six times more complex, simply because there are a lot less pilots, a lot less maintenance engineers, more complex mechanical equipment and the costs are astronomical. So it was not that we were trying to sell doing this stuff. We were trying to sort of say, "You don't want to be doing this." But it was more that we were forced into doing it.

Mr. Jagmeet Singh: Okay. You touched on something I want to just kind of expand on. I was going to talk about response time and cost of operation. So you'd

agree with me that the cost of operations of Ornge switching to creating its own fleet increased. It was more expensive that way as a model, as opposed to the model you just described of having tightly controlled and supervised outsourced aircraft providers.

Mr. Rick Potter: Well, yes and no. It will sound like I'm being hypocritical, but I'm not. What happens is this: You have to compare apples to apples. If you want to compare the cost of Ornge flying \$5-million aircraft with five crews per aircraft and providing that level of response, versus somebody flying a 30-year-old Beech King Air using three crews per aircraft and being available 65% or 70% of the time, no, they're not comparable.

Mr. Jagmeet Singh: Okay. Maybe we'll just talk about quality of care, then. In terms of the transition from the initial model, which was outsourcing the aircraft to private providers, sometimes of only one aircraft or some that had maybe a couple of aircraft, and shifting to Ornge having its own fleet, did the response time increase? Were there quicker response times, were they the same or did they go down?

Mr. Rick Potter: There are two things. First of all, availability went way up. From a low, I think, of around 65% at one point with the previous contracted carrier, we consistently are above 95%, 96%. In some places, we're consistently above 98% to almost 100% in our availability. On response times, our response times have always been well within all the parameters.

Mr. Jagmeet Singh: So if we factor availability and compare that to response time, did having higher or lower availability impact response time from before, when there was the outsourcing model, to Ornge having its own fleet?

Mr. Rick Potter: Well, they're sort of two different things. One is having the aircraft ready to go, and the other is being in the aircraft in 10 minutes. If we don't have the aircraft ready to go, it doesn't really matter. So they're kind of apples and oranges on that one.

And the other part is that the world is kind of broken up, as it's a vastly different world between fixed-wing and helicopter.

Mr. Jagmeet Singh: Okay. So if you were able to compare both models—I know they're different, and you've explained that one is older fleet and there's a newer fleet—was there a significant difference in terms of the ability of ambulance services to assist someone in need with the old model versus the new model in terms of response time and ability to just get out there and get the job done?

Mr. Rick Potter: I believe the province of Ontario is way better served right now than it ever has been before.

Mr. Jagmeet Singh: There's also been an increased cost associated with that.

Mr. Rick Potter: There would have been an increased cost at any rate. You can't keep flying 25- and 30-year-old helicopters and airplanes. And if you think the contracted cost is expensive now, when you have some contracted carriers who go out and buy \$200,000 and \$300,000 airplanes that are 1972 models and you force

them to upgrade that to a \$5-million capital asset, you're going to see a huge increase in your contracted costs.

Mr. Jagmeet Singh: Okay.

M^{me} France Gélinas: I want to come back for a minute to the comments you made. You came back, you had saved \$10 million and you got your attaboy, but kind of from the back of the hand; it had to be forced out of him. Then you went and shared that with the committee, and you said you reported that to the executive. What committee are you referring to?

Mr. Rick Potter: I think it was called the Agusta transition committee, which was basically most of the people in the aviation section, because we had different people responsible for different things.

M^{me} France Gélinas: Were you the chair of this committee or—

Mr. Rick Potter: Yes.

M^{me} France Gélinas: You were. And can you name me some people who were there and heard it?

Mr. Rick Potter: Oh, boy. Ted Rabicki was there, Shauna Marques was there, I think probably John—John MacKenzie was there.

Interjection: Tom Rothfels.

Mr. Rick Potter: Rothfels? No. I don't think Rothfels was around at that time.

M^{me} France Gélinas: You also mentioned, "And I had reported it to the executive." Which committee were you referring to? The executive of the board?

Mr. Rick Potter: No, the executive committee was—Chris had kind of an executive committee meeting. That would have been Chris Mazza, Rhoda Beecher, Tom Lepine, Steve Farquhar—that's all I can recall right now.

M^{me} France Gélinas: Did you usually attend the meetings of the executive?

Mr. Rick Potter: Yes.

M^{me} France Gélinas: You did? Was this question ever raised again afterward, so you had kind of gloated as to, "Hey, I did a pretty good job. I went down there, guys. I saved you 10 million bucks"? You reported this, and was it ever brought back again?

Mr. Rick Potter: No.

M^{me} France Gélinas: Did you ever bring it back to the executive?

Mr. Rick Potter: I was not party to the negotiations for amendment 3.

M^{me} France Gélinas: For amendment 3, which is—

Mr. Rick Potter: That's the one that has the increased costs.

M^{me} France Gélinas: Okay.

Mr. Rick Potter: Or the agreement that they had with Agusta on that.

Mr. Frank Klees: Marketing agreement.

Mr. Rick Potter: Marketing agreement.

M^{me} France Gélinas: You've been an aviation executive for 45 years. You've now lost your job. Did you see this coming?

Mr. Rick Potter: Did I see losing my job coming?

M^{me} France Gélinas: Yes.

Mr. Rick Potter: Not really, but it's okay.

Mr. Frank Klees: You're still getting 20 grand a month.

Mr. Rick Potter: I'm retiring, and that's fine with me.

M^{me} France Gélinas: Okay.

Mr. Rick Potter: I started off as a pilot 43 years ago. I'll probably go back to flying.

M^{me} France Gélinas: Do you know what is happening to Ornge? Do you know why you're losing your job?

Mr. Rick Potter: My belief is it's fundamentally because of political process. I will look at anybody in this room and say I'm damned proud of the job that I did, I'm damned proud of the job that the people in aviation did on behalf of the people of Ontario, and I believe you're going to be better served in the future because of the work we did.

M^{me} France Gélinas: You really feel that you were contributing to improving air ambulance services in Ontario?

Mr. Rick Potter: Absolutely.

M^{me} France Gélinas: So how come we're not continuing down this path, then?

Mr. Rick Potter: I believe it's politics.

M^{me} France Gélinas: What do you mean, "politics"?

Mr. Rick Potter: There are a number of politicians right here. My name was brought up in the House of Commons. Someone referred to a master's degree. You have the resumé in front of you, which I think is about 15 years of age. At no point in time did I ever tell anybody at Ornge I had an MBA. As a matter of fact, I told Chris Mazza twice that I didn't. Mazza came in my office and said, "Potter, you have an MBA." I said, "No, Chris, I never finished it." He said, "No, no, you've got an MBA." I said, "No, Chris, I never finished it." Okay? He said, "Well, it will look a lot better if you did." And that's it; he left.

M^{me} France Gélinas: All right, then.

Mr. Rick Potter: He's a hard man to say no to.

M^{me} France Gélinas: You had just graduated. So previous to December of this year, you thought that you were doing good work and that the good work was about to continue?

Mr. Rick Potter: I know we were doing good work in aviation.

M^{me} France Gélinas: How about Ornge as a whole?

Mr. Rick Potter: I think Ornge as a whole seemed to be fairly confused.

Mr. Jagmeet Singh: So let's just talk about some of the confusion. Would you agree with me that—three key concerns have been raised, if we can summarize them. People talk about mismanagement of funds—there were public funds being shifted into private, for-profit—and there was wastage of funds. There's actually a large amount of money that's unaccounted for. There are some issues with the quality of care, and there are some issues with respect to communications: the ability to communicate and respond to requests for services. Would you be able to touch on any of those three? And do you agree with them as issues of concern?

Mr. Rick Potter: Most of those have nothing to do with aviation. The only thing I would say, as far as negotiations go, is one of the things—because of the relationship with Agusta, I was held back from doing a lot of the stuff that I wanted to do.

Mr. Jagmeet Singh: Okay. Putting aviation aside, just as someone who was aware of what was going on at Ornge to some degree, would you agree with me that there was certainly mismanagement of funds in terms of using the public dollar efficiently and effectively?

1350

Mr. Rick Potter: From what I saw, I would say no. What I've seen in our expenditures—and I can only comment on the expenditures that I'm a party to—there was darn good value that we got for you. We beat up a lot of people.

I'll give you an example. As far as I know, unless it has changed in the last few months, we're the only people in the world who were able to negotiate with Agusta so we'd have no penalty on the main rotor and tail rotor blades. That's a \$10-million savings. We beat up on a lot of people to try to get good value.

Mr. Jagmeet Singh: Okay. You had negotiated very well and effectively to get rid of that cost for the increased weight but Ornge went ahead and paid for it anyway. That's an example of some money being wasted that you had worked hard to save. It's not your fault, but it looks like Ornge wasn't managing its money very well.

Mr. Rick Potter: I am not sure what the value was of the difference.

Mr. Jagmeet Singh: But you'd agree with me that could be one example of mismanagement of funds—that's not your fault, but that could be the perception of why Ornge—

Mr. Rick Potter: I would agree that if it's not well-founded, it could be, yes.

Mr. Jagmeet Singh: Were you aware of any other examples of mismanagement of funds like that?

Mr. Rick Potter: Not in our world.

Mr. Jagmeet Singh: With respect to communications between those who were requesting services and the communications team that was set to respond to those requests, are you aware of any issues with respect to that?

Mr. Rick Potter: I'm not sure what communications team you're referring to.

Mr. Jagmeet Singh: Just the communications department of Ornge, in terms of responding to or assessing demands or requests for any care.

Mr. Rick Potter: I thought they were doing a pretty good job.

M^{me} France Gélinas: We questioned you at the beginning about how come your salary was not on the sunshine list. You said you freely volunteered to have this on the sunshine list. Do you have any way of showing us that you did that—that you sent an email, a letter—or is it going to be your word against somebody else's?

Mr. Rick Potter: No, it was a discussion with Maria Renzella.

M^{me} France Gélinas: It was a discussion with Maria? Okay. You don't remember ever having something in writing that shows that you were quite willing to have your salary on the sunshine list, knowing that you work for Ornge Air and that it should be, and you accepted—what was her reasoning again that it shouldn't be put on the sunshine list?

Mr. Rick Potter: What I was told was that it wasn't a requirement, so they weren't going to report it. They had some interpretation that it wasn't necessary.

M^{me} France Gélinas: And you took that for granted and that was the end?

Mr. Rick Potter: I did.

M^{me} France Gélinas: What made you aware of even asking?

Mr. Rick Potter: I'm sorry?

Mr. Jagmeet Singh: The fact that you said, "Hey, I'm willing to disclose my salary. I have no issue disclosing it"—why did that even come up in your mind?

Mr. Rick Potter: Because I was asked if I would disclose my salary.

M^{me} France Gélinas: Who asked you?

Mr. Rick Potter: Maria.

M^{me} France Gélinas: Maria asked you if you would disclose? In what context did that come about?

Mr. Rick Potter: I don't know. It was some meeting. Her office was beside mine.

M^{me} France Gélinas: So she asked you, "Would you be willing to disclose your salary?" and you knew that that was going to be disclosed on the sunshine list. You said yes, and then she said, "I asked you, but really the answer is we won't share it."

Mr. Rick Potter: No, what I was told is that it's not necessary, that there was some exemption as to the interpretation of it. It really wasn't an issue to me because I had nothing to hide. I said, "Go ahead. I don't care."

M^{me} France Gélinas: So she came to ask you, you said you didn't care, and then she said, "But we're not going to do this because we don't need to."

Mr. Rick Potter: Yes.

M^{me} France Gélinas: Isn't that a weird conversation?

Mr. Rick Potter: Yes.

M^{me} France Gélinas: That was a weird conversation. Were there many weird conversations like this at Ornge?

Mr. Rick Potter: Yes.

M^{me} France Gélinas: And you just accepted them as, this is the culture of the place?

Mr. Rick Potter: I didn't see it as a consequential issue at that particular time. If counsel had made an interpretation that they didn't have to do it and they didn't want to do it, I said, "I don't care."

M^{me} France Gélinas: Do you remember how long ago that was that this conversation took place?

Mr. Rick Potter: The last conversation regarding this was probably in December. I remember there was Lepine, myself, Rhoda Beecher. They asked, and we all said we're good with that.

Mr. Jagmeet Singh: Mr. Potter, just some quick questions on briefings. I know you personally weren't

involved in briefings with either the ministry or any government agencies. Were you aware in general of briefings that were occurring or that took place?

Mr. Rick Potter: No.

Mr. Jagmeet Singh: Did you know about them at all, though?

Mr. Rick Potter: No.

Mr. Jagmeet Singh: Okay.

M^{me} France Gélinas: But you did testify that the ministry had been briefed about what was going on.

Mr. Rick Potter: Yes. Like, Tom would say he'd met with somebody at—I don't even know the people's names, but he had met with somebody at the Ministry of Health or they were going to see somebody in the Ministry of Health.

M^{me} France Gélinas: So you knew that this was happening, but it had nothing to do with you?

Mr. Rick Potter: That is correct.

M^{me} France Gélinas: Okay. When you say "in December," you mean December of this year, in 2011, was the last time you had that conversation?

Mr. Rick Potter: Yes.

M^{me} France Gélinas: Was it the first time you had the conversation about the disclosure?

Mr. Rick Potter: No, we had a conversation probably about a year earlier, as well, I think.

M^{me} France Gélinas: So in 2010, the same conversation with the same people: Lepine, Rhoda, yourself?

Mr. Rick Potter: I can't answer you because I can't remember.

Mr. Jagmeet Singh: But for sure Maria would have been involved in that conversation the first time, in 2010?

Mr. Rick Potter: Yes.

Mr. Jagmeet Singh: Was that the first time, in 2010, or could it have happened before that as well, in 2008 or 2009?

Mr. Rick Potter: I don't know. I'm sorry; it wasn't that big an issue to me.

M^{me} France Gélinas: No, I understand. But when she would say to you, "We don't have to. We are exempt," the conversation led you to believe that it was a lawyer that had told Maria that you were exempt?

Mr. Rick Potter: That is correct.

M^{me} France Gélinas: And which lawyer was she referring to?

Mr. Rick Potter: I assume Cindy Heinz.

M^{me} France Gélinas: You assume Cindy Heinz? You never—

Mr. Rick Potter: I do not know that to be a fact.

M^{me} France Gélinas: Did you ever talk to Cindy about that?

Mr. Rick Potter: No.

M^{me} France Gélinas: Did you ever talk to your colleagues about that?

Mr. Rick Potter: No.

M^{me} France Gélinas: Did you know what your colleagues were making?

Mr. Rick Potter: No.

M^{me} France Gélinas: No? Didn't know, didn't care?

Mr. Rick Potter: Correct.

M^{me} France Gélinas: Pretty much.

Mr. Jagmeet Singh: Mr. Potter, was there any other time when you negotiated a savings where either Dr. Mazza or anyone else on the board turned around and said, "No, actually, you know, we're going to go pay the full amount, even though you've negotiated a savings for us"?

Mr. Rick Potter: No, and Dr. Mazza didn't say that, per se, okay? Did we negotiate other savings? Sure, lots.

Mr. Jagmeet Singh: And the other savings that you negotiated, did they go ahead as planned or were they ever—

Mr. Rick Potter: On the aero one, we saved \$7 million.

The Chair (Mr. Norm Miller): You're on your last minute, there, Mr. Singh.

Mr. Jagmeet Singh: Sure. Any other negotiations similar to the one where you had worked out an agreement to reduce the costs but then Dr. Mazza was like, "There's a value to this. I want to pay that amount"? Did that ever happen in any other example?

Mr. Rick Potter: I don't recall any, no.

M^{me} France Gélinas: Aside from the people you named to us that were on the executive committee with Dr. Mazza—Rhoda, Tom, Steve etc.—they seem to have known the content of the deal, and you seemed to be put aside. Is there a chance that when we talk to those people, they tell us the same thing: "Oh, they all knew, but I didn't know"?

Mr. Rick Potter: I don't know. I can't answer that question, sorry.

M^{me} France Gélinas: So you felt that you advised people that the \$10 million had been saved, that that was a big "attaboy" moment for you, and that when this started to fall apart, everybody seemed to understand. You said, "I thought there was a piece missing," so you accepted it as a piece missing and it was none of your business, therefore, you continued with your life?

Mr. Rick Potter: What I said to Chris, and I'll paraphrase for this committee, was, "Are you freaking crazy?"

M^{me} France Gélinas: It started with an F but was a different word?

Mr. Rick Potter: I didn't say that.

The Chair (Mr. Norm Miller): We'll move on to the government, then. Ms. Sandals.

Mrs. Liz Sandals: Thank you. Let's go back to Ornge Global Air. It's my understanding that Ornge Global Air sold its aviation services essentially back to the province, but through Ornge the non-profit entity. Can you explain to us exactly what flight service is aviation services? And also, administrative costs would have gotten sold back to Ornge?

Mr. Rick Potter: Well, Ornge Air consisted basically of the pilots and the management personnel to run the airline for the fixed operation and then, later, the rotor operation, so those would be the services that went back. The OCC was part of operations, it was not part of

aviation. Just commencing, I think it was December 1, was the ACC, which was sort of the—

Mrs. Liz Sandals: ACC stands for?

Mr. Rick Potter: Oh, boy. Aircraft—

Mrs. Liz Sandals: If you can't remember the acronym, tell me what it does.

Mr. Rick Potter: Basically, it was the dispatch function for our aircraft.

Mrs. Liz Sandals: So when those services were sold back, obviously they had to be sold back to Ornge at a price.

Mr. Rick Potter: I have no idea. Let me take a tack, because I may answer your question. One of the frustrations that I had as an accountable executive—which is a Transport Canada position—the accountable executive is essentially the person who goes to jail if something goes wrong in an airline operation; not an enviable position. But one of the responsibilities of an accountable executive is to be able to ensure you have enough funding to do your operation and conduct it safely.

Because of the way that funding was at Ornge—the Ornge world of six or seven companies and money going back and forth—my complaint to Maria was that I have to be able to prove on paper, if I come to you with a budget of X amount of money, that I have X amount of money. I never had a problem getting the money, but I could not say, "Okay, this is where it's coming from." It got to the point on purchases of things that I'd go to her and say, "Who's behind this?"

1400

Mrs. Liz Sandals: Okay. Let's go back to this model where you've got Ornge, which is being funded by the province—let's go at it that way—purchasing aviation services from Ornge Global Air or one of the other entities. If you're purchasing something from somebody, you must be paying a price. Where did the price come from? Who set the price tag? How was the price tag determined?

Mr. Rick Potter: I have absolutely no knowledge of that. That would have been Maria Renzella. My understanding is it was simply a function of the direct costs, i.e. salaries and materials that were consumed.

Mrs. Liz Sandals: So would you have been responsible for providing her with the direct costs of these things—what the actual cost of the component was?

Mr. Rick Potter: She had access to the budgets, and she had every line item that we used.

Mrs. Liz Sandals: So she would never have asked you for an opinion as to, "What does this cost?"

Mr. Rick Potter: Oh, no. She would question some of the things.

Mrs. Liz Sandals: Okay. If she questioned it, would her questions be related to wanting to have a lower cost reflected or wanting to have a higher cost reflected so that Ornge would pay more?

Mr. Rick Potter: No, it was never that. It was more just—you can appreciate it's a technical thing. Somebody says, "I need three artificial horizons." She would go, "What's an artificial horizon?" But I mean, she wouldn't

say, "Why did you pay \$10,200 for this artificial horizon when you can get another one for \$8,000?" If we purchased, we had a fairly stringent procurement policy, which we followed to the letter.

Mrs. Liz Sandals: Okay. So from your point of view, you followed a stringent policy to procure whatever it is you would need in order to provide the aviation service. But even though you were playing the role of chief operating officer, we're a little bit confused as to where your name was lined up on the corporate books. Let's set that aside. From your point of view, you were the chief operating officer involved in aviation services. She would never have asked you, "We now have to figure out how much to charge Ornge?"

Mr. Rick Potter: No, she never did.

Mrs. Liz Sandals: "What to charge for this"?

Mr. Rick Potter: Never did.

Mrs. Liz Sandals: So you're saying you have no knowledge, then, of whether what was charged back to Ornge by the for-profit entity was strictly cost or whether it was cost plus?

Mr. Rick Potter: I have no knowledge.

Mrs. Liz Sandals: You have no knowledge, even though you were chief operating officer on both sides, it sounds like in a way, of whether there was a profit factor built into what the public taxpayer, in essence, was being charged.

Mr. Rick Potter: I have no knowledge whatsoever of that.

Mrs. Liz Sandals: So who would have been responsible for the decisions around how much the for-profit entities were charging Ornge?

Mr. Rick Potter: Maria, it was my understanding.

Mrs. Liz Sandals: And would she have worked that through in conjunction with Dr. Mazza?

Mr. Rick Potter: I don't know who she worked it through in conjunction with. She did not work it through with myself.

Mrs. Liz Sandals: But she did not work it through with you. You made the comment—I think Mr. Farquhar talked about distractions. He talked about the fact that the creation of the for-profit entities was a distraction in terms of providing safe, quality paramedic services. You just said, I think, something to the effect that all this corporate structure got in the way of what you would like to do. Is that correct?

Mr. Rick Potter: I don't know that it got in the way. Well, it would get in the way, to some degree. I think that's a fair statement to make. It was because you start wondering where things are going or what reports through what.

Mrs. Liz Sandals: What would you have liked to be able to do that would have improved the quality of the aviation service side of Ornge, that you were unable to do because there was this focus on for-profit and "Can we sell services to Brazil?" or wherever people were trying to run around and sell services? In your view, in this for-profit, what got in the way of providing good service?

Mr. Rick Potter: It's very simple: Ornge aviation should have been a stand-alone corporate entity, fully accountable for every cent it spent on aviation within itself.

Mrs. Liz Sandals: I think you alluded to this earlier: In your view, then, taking the corporate structure back to the original one where you just simply had Ornge, the non-profit is the appropriate structure? Or do you see any need for any of these side entities?

Mr. Rick Potter: I see no need for any of the side entities.

Mrs. Liz Sandals: Okay, I think that answers the question. Are there other issues around which you raised concerns with Dr. Mazza, where things were interfering with or you were unable to—

Mr. Rick Potter: No, I really think that one of the great things about working with Chris is, when we decided to start the airline—I mean, we have the most over-trained Pilatus pilots in the world. When we started that airline, we knew there was a significant risk. I went to Chris and I said, "This is the training plan we've developed. It's probably five or six times more extensive than any of our contractors'." But, starting an airline, you don't have experience. We trained, and it was very safety-based. I can say that if I ever went to Chris with a safety concern, there was never any hesitation about support.

Mrs. Liz Sandals: You mentioned earlier that sometimes you had to block out time and report on a time sheet when you were providing services to some of the other entities.

Mr. Rick Potter: Correct.

Mrs. Liz Sandals: What services did you actually—if we could see your calendar, where you blocked out providing services to these other entities—

Mr. Rick Potter: Sure.

Mrs. Liz Sandals: What were the services you did provide to these other entities?

Mr. Rick Potter: We did a project for the Saskatchewan government. We designed the rotor system for Saskatchewan. On the US endeavour, I dealt with AirMed, which is a company based out of somewhere in Alabama; I've forgotten now. Chris was looking at buying them, so I went down and looked at the organization, its safety management systems, maintenance procedures, those types of things. We looked at buying an entity or starting an entity, apparently, in Fort Lauderdale. I was there and looked at properties and looked at contractors to see if that was a potential.

I dealt with US lawyers on numerous occasions as to the structure of what an organization would be like in the States. Mr. Apps had designed a structure which I challenged and, you know, we were trying to find a way to do that. That's primarily that.

We were asked to comment on some other things. I think they put a bid in for Kazakhstan and they wanted me to look at what the infrastructure was there, as well as Saudi.

Mrs. Liz Sandals: Would it be possible for you to provide the committee with a list of the other projects that you were asked to work on?

Mr. Rick Potter: I don't have that and I don't have access to the email anymore—

Mrs. Liz Sandals: But you've just sort of rhymed off—

Mr. Rick Potter: But Judy Rybar was my executive assistant in Thunder Bay, and she would have that.

Mrs. Liz Sandals: Okay, because you've just rhymed off a whole list of things that you were doing on the for-profit side. It would probably be helpful to the committee to have that, because I think what you just said was a more complete list of for-profit projects than we've probably had access to previously.

I know that Mr. McNeely has a few questions.

1410

The Chair (Mr. Norm Miller): Mr. McNeely.

Mr. Phil McNeely: The situation when you came to Ornge, or what the previous name was, was you were using a lot of contractors and a lot of old planes, and there were a lot of problems with that.

Mr. Rick Potter: That's correct.

Mr. Phil McNeely: Could you go through what you had then and take us through to where you are today? Just to go through that whole process.

I'd also like you to comment on your opinions when you were going to run the airplanes yourself, own, be an airline; and then how you felt, now that you've got that, about taking that out of Ontario. Were you in over your head when you came to that? You had made comments that that was not a direction you wanted to go in.

Mr. Rick Potter: I think there are three questions there. I'll see what I can do.

First of all, the system as I perceived it, when I came on board, is there was nobody really watching the contractors; there wasn't. There was very little quality control on the part of us as to the service we were getting, the equipment they were doing, their compliance—a number of things. The equipment they were flying: There was very little specification on the age of the equipment, the type of equipment, the radio navigation equipment inside the aircraft—there was virtually none. Some of the stuff was old, it was tired, it was beat up, and it was certainly not something that we needed in a modern system. Very few people in the world fly piston aircraft in a medevac operation anymore. Very few people fly unpressurized aircraft in a medevac situation anymore.

So we looked at that, then we looked at a number of operators that we were using for one, two and three hours a year type of thing—a “they get one call” type of deal. What we wanted to do was we wanted to improve the quality of equipment. We wanted better aircraft and we wanted better and more accountable organizations that were operating on our behalf. So what we did do was we improved the specifications. For example, we put in a requirement for TAWS, which is terrain avoidance equipment; TCAS, which is traffic avoidance software; GPS—some of them didn't have GPS navigation, and in the north, you can't really go anywhere without a GPS type of thing.

Those were some of the changes we made. Unfortunately, it did eliminate some people. We would have loved to have that number, but we just couldn't sustain having that equipment. What we also did was a five-year analysis of any reports that were filed in the Canadian aviation daily occurrence reporting system against any of those operators to look for trends, and analysis on that to see what flags needed to be raised on both the operator's side and the type-of-equipment-they-were-operating side of the equation. We did that as well. What that led to was fewer operators, but it led to operators with better equipment.

Are we there yet? No, we're not, because one of the constant things that we always had to balance out was if we went and said, “We want you to get brand new aircraft,” “We want you to do this,” well, you'd move from \$1,300 an hour to \$3,000 an hour in a contracted fee. So there's always a balance and an evolution.

One of the things we did do to try to help the operators was we moved from one-year contracts to longer-term contracts, because they were always looking for a way to amortize the capital side of improvements on their part. We were fairly successful with that. That's the system that we inherited.

The intent of Ornge Air at the start was only to do advanced and critical care transport. The primary care transport was to be left solely to the contractors. My understanding is they're doing a little bit of the primary work now, which is another story. So there's that part there.

Now what we do is we've demanded they have a safety management system. We have our own safety management system. We have a more strident reporting system as well. What we do do is we audit a minimum of three contracted carriers per year. They're independent audits; it has nothing to do—we have independent contractors come in and they certify our tests to the compliance of those aircraft operators.

Is there a way to go in those operators? I think there's room for improvement. As a matter of record, we've had accidents with two of our major contracted carriers in the last year, year and a half, and our major rotor carrier in the last five years. So is there room for improvement? Sure there is. There always is in aviation. It's always a balance between safety and cost, and that's one of the things we wrestle with on a daily basis.

What was the other question? Sorry.

Mr. Phil McNeely: Maybe just a general question, then. The service that was there in 2004, 2005, from a patient safety point of view and the service that is there today—I think you said that it has improved a great deal.

Mr. Rick Potter: It has improved. For example, one of the things I say where it's very hard to compare Ornge to a contracted carrier is that we will use five crews per aircraft, because we staff an aircraft as a 12-hour shift. So it's fairly straight up.

What a lot of contractors will do is they'll only use one or two crews per aircraft and they're on a pager system, and whether that pager goes off at 2 a.m. or 2 p.m.,

they have to make their way to the airport in an hour and get going.

We had a historical problem with CAW and the paramedics who refused to get on a number of our SA carriers because of duty time and duty rest and they didn't like the equipment or they thought there was an endangerment to their safety. So there was a negotiation with CAW in which I believe they came to an agreement that they wouldn't be forced to go on a standing offer agreement carrier. So that's changed a bit there.

Mr. Phil McNeely: Mr. Zimmer wanted some more time. How much has he got?

The Chair (Mr. Norm Miller): You have two minutes.

Mr. Phil McNeely: Two minutes, Mr. Zimmer.

Mrs. Liz Sandals: Can we look, then, at the—
Interjection.

Mrs. Liz Sandals: Okay. He actually wanted the two minutes.

The Chair (Mr. Norm Miller): Two minutes, Mr. Leal.

Mr. Jeff Leal: Thank you, Mr. Chair. I just had to step out momentarily.

Mr. Frank Klees: I think your two minutes are up.

Mr. Jeff Leal: Thank you, Mr. Klees, through the Chair.

Interjection.

The Chair (Mr. Norm Miller): Go ahead.

Mr. Jeff Leal: Thank you, Mr. Chair. Through you to Mr. Potter: Mr. Potter, as chief operating officer for Ornge, were you involved at all in the decision to establish a satellite operation at Oshawa Municipal Airport?

Mr. Rick Potter: In the selection of the airport, yes.

Mr. Jeff Leal: You were. Did the city of Oshawa provide any incentives for Ornge to establish at Oshawa Municipal Airport?

Mr. Rick Potter: Yes.

Mr. Jeff Leal: Through you, Mr. Chair, could you detail those incentives for me?

Mr. Rick Potter: To be honest with you, I can't remember, but there were incentives.

Mr. Jeff Leal: Through you, Mr. Chair, could you bring that information back to this committee? Or who would have that information for me to get my hands on?

Mr. Rick Potter: Jim Feeley.

Mr. Jeff Leal: Jim who?

Mr. Rick Potter: Jim Feeley is the VP of aviation at Ornge.

Mr. Jeff Leal: Jim Feeley?

Mr. Rick Potter: Yes.

Mr. Jeff Leal: Through you, Mr. Chair, were you aware that at Oshawa Municipal Airport for the longest time there was a curfew of 11 p.m. for takeoff and landings?

Mr. Rick Potter: I was very aware, Mr. Leal. As a matter of fact, Oshawa was certainly not an airport of my choice—on the analysis. It doesn't have an instrument landing system. I can't get down below I think it was 350 feet on the GPS approach there.

In my previous career that was earlier referred to, I was responsible for basically all the air traffic control towers in Saskatchewan, Manitoba and Ontario. Oshawa was one of them. It had probably one of the loudest noise complaint communities of any of the airports I dealt with.

The Chair (Mr. Norm Miller): And we are out of time. You'll get another five minutes.

Mr. Jeff Leal: Thank you very much, Mr. Chair. I have some more questions to ask.

The Chair (Mr. Norm Miller): Very good. We'll move to Mr. Klees. You have 17½ minutes this time, Mr. Klees.

Mr. Frank Klees: Mr. Potter, I'd like to focus on the medical interiors file. Can you tell me who was on that team to deal with the medical interiors, determine the design and also do the negotiation for that?

Mr. Rick Potter: Of the AW139?

Mr. Frank Klees: Yes.

Mr. Rick Potter: The singular point of contact for all of the interiors on the fixed and rotor was Steve Farquhar. He worked for Tom Lepine. I believe there were two medics on one committee. I believe one fellow's name is Wade Durham—don't quote me on that—from Toronto Island. And one of the physicians went over; I'm not sure of the physician's name. I believe Tom Lepine went as well.

Mr. Frank Klees: Was Dr. Sawadsky in any way involved in this? He was the medical director, was he not?

Mr. Rick Potter: He was. I don't believe Dr. Sawadsky went to Switzerland. I believe Sawadsky was involved in the process very much.

Mr. Frank Klees: He was on the team.

Mr. Rick Potter: Yes.

Mr. Frank Klees: Can you tell me who did go to Switzerland?

1420

Mr. Rick Potter: I believe it was Farquhar, Lepine, another medical doctor and two paramedics.

Mr. Frank Klees: And what was their purpose for going to Switzerland?

Mr. Rick Potter: The purpose of going to Switzerland, as I understood it, was that there was a full-size, completely detailed mock-up of the AW139. So they were able to actually use the mock-up of the AW139, take their concepts, sit in the aircraft, perform all the necessary exercises and procedures they do, and verify that they could be accomplished on the aircraft.

Mr. Frank Klees: That being the case, which sounds very practical, how do we fast-forward—you say there were two trips to Switzerland?

Mr. Rick Potter: My understanding was that there were two.

Mr. Frank Klees: Did this team ever report back to you, as COO, in terms of how things were going?

Mr. Rick Potter: No. They only reported through Tom Lepine.

Mr. Frank Klees: So there was a mock-up. They were able to get on the aircraft and were able to test it

out, essentially. And then it got back here, and after—how many millions?

Mr. Rick Potter: Six million dollars for the interior, I believe.

Mr. Frank Klees: —six million dollars for the interior, the paramedics here found out they couldn't perform CPR.

Mr. Rick Potter: I believe that to be true.

Mr. Frank Klees: Can you help me with this? What am I missing? What was this team doing over there?

Mr. Rick Potter: I do not know. Aviation was not part of it. Actually, I think Jim Feeley went on one trip, and he tried to make a comment and was told to mind his own business.

Mr. Frank Klees: Here's my concern: We have all these experts and leadership people from Ornge making the trip to Switzerland, specifically for the purpose of helping to design and negotiate the medical interior for these new helicopters, and we end up with something that doesn't work.

The emergency health services branch of the Ministry of Health has a very specific mandate, and one of their responsibilities is to inspect any new medical equipment—ambulance, air ambulance—to ensure that it is up to standard. What is it that the emergency health services branch did to ensure that these specifications were up to standard?

Mr. Rick Potter: I have no idea.

Mr. Frank Klees: Did you ever hear from the emergency health services branch?

Mr. Rick Potter: No.

Mr. Frank Klees: To your knowledge—

Mr. Rick Potter: Well, I heard there was a fellow doing an investigation—I think it was in January. That was the first I ever heard of it.

Mr. Frank Klees: In January of this year?

Mr. Rick Potter: Yes.

Mr. Frank Klees: And what was he investigating?

Mr. Rick Potter: There had been 25—there had been a number of fatalities onboard the aircraft, and he was investigating. That's the first I heard.

Mr. Frank Klees: There were a number of fatalities on the aircraft, and that's what he is investigating?

Mr. Rick Potter: That's my understanding.

Mr. Frank Klees: Okay. As the chief operating officer—I'm just trying to get a sense of how engaged you, personally, were in this responsibility that you have—did you ever question why you haven't seen someone from the emergency health services branch of the Ministry of Health on-site?

Mr. Rick Potter: No, because that's solely the responsibility of Tom Lepine and Steve Farquhar. My assumption would be that they—they were insistent, for example, on doing a medical acceptance of the interior of the aircraft in Philadelphia. My assumption, and aviation's assumption—and they were very adamant and strident about the fact that, "This is operations; we will design and we will do this"—was that they would manage that particular portfolio.

Mr. Frank Klees: So you made the assumption that they would have had the appropriate interaction with the emergency health services branch and that everything was up to standard with the Ministry of Health standards?

Mr. Rick Potter: That is correct. We were essentially told to mind our own business. Our interface came, and the point was, is the interior compliant with Transport Canada regulations?

Mr. Frank Klees: In testimony here, the Deputy Minister of Health said in no uncertain terms that they were misled. I asked him very specifically about the medical interiors, and we had been led to believe that it was Dr. Sawadsky who had the lead as the medical director.

Mr. Rick Potter: That's correct.

Mr. Frank Klees: So I asked the deputy why they didn't do their job, and he, in his response—I'll just read it to you. I said, "Where was the Ministry of Health?" His response was, "We were given that assurance by that same medical director"—now, I had mentioned Dr. Sawadsky. He said, "We were given that assurance by that same medical director that the interiors were sufficient, and it wasn't until a complaint was lodged via our communications centre on or about July 2011 that we discovered that that indeed was not true. We were misled." Those are the deputy's words. He goes on to say, "We launched an investigation. I understand that actions have been taken to get a short-term correction."

Now, when the deputy minister said that he was misled, can you give me a sense of who at Ornge would have misled him?

Mr. Rick Potter: I can tell you it was not myself; it was nobody in aviation. We never had any contact. We never had any questions from him.

Mr. Frank Klees: Can you suggest who we might speak to or call to this committee who might be able to enlighten us on that issue?

Mr. Rick Potter: Again, everything I've seen to do with any medical interiors—the coordination of medical interiors, the design of medical interiors, the RFIs, RFQs, RFPs and what I would associate with medical interiors—were the purview of Lepine and Farquhar.

Mr. Frank Klees: Thank you very much.

Safety was a priority. You just said earlier in your testimony that whenever you went to Dr. Mazza for funding for moving forward on safety issues, it was always a priority. Can I ask you, then, who was responsible for the policy—a very specific policy—for understaffing crews? I understand that that was put in place specifically to save money. Whose responsibility was that?

Mr. Rick Potter: Understaffing paramedic crews?

Mr. Frank Klees: Yes.

Mr. Rick Potter: It would be Farquhar and Lepine. It has nothing to do with aviation. As long as I've got two people up in the pointy end of the airplane, I've done my job.

Mr. Frank Klees: Okay. You just made reference—and this is very timely today, because you said Ornge always has five crews available per aircraft.

Mr. Rick Potter: That's our desirable staffing. I'm not saying we have it 24 hours a day, every day of the week, but that's certainly what we aim for.

Mr. Frank Klees: Okay. You're aware of the incident that happened here today, just north of Toronto?

Mr. Rick Potter: No, I'm not.

Mr. Frank Klees: Well, let me share this with you, and I'd like to get your sense as someone who intimately understands the process and staffing, and the standards. There was a collision earlier today that happened at about 6:30 in the morning. Local EMS arrived on the scene. They had to extricate one of the drivers from the vehicle. They put a call in to Ornge for an air ambulance. They were told by the dispatcher at Ornge that there was no crew available and they wouldn't be able to get a crew until 7:15. I understand that the reason for that is that they just weren't available. The previous crew had booked off. Yet, when I hear what you're saying, that it's Ornge's policy to always have five crew per aircraft available, I'd just like to know how it can happen that—it seems that Ontarians now have to book their emergencies in accordance with the shifts at Ornge.

Mr. Rick Potter: It would be inappropriate for me to comment on the occurrence of today. The staffing for an aircraft we use is normally five crews per aircraft or 10 to 11 per aircraft at a base. That's not to say that you have 10 or 11 available at any given time because, obviously, there are people on days off and there are certain regulatory requirements as to length of duty days, as to number of days you can work etc. But we do strive to have redundancy and backup in the system.

Again, being away from it for a couple of months, things may have changed. It's a tough process on the rotor side, the helicopter side, which you're referring to. We lost some people in transition, which we had counted on.

We had fully anticipated getting 80 pilots from CHL. We didn't get that number. I can't give you the number that they got right now, but I can tell you on the fixed-wing side, we had initially projected for a 25% to 30% turnover rate because they're smaller aircraft; people are ambitious and they move on. Our turnover rate in the first two years of operation was only 2%, which is a record in the industry. We retained most of our pilots.

1430

Mr. Frank Klees: But apparently, that's not happening now.

Mr. Rick Potter: I'm not aware of what's going on now, sir.

Mr. Frank Klees: Well, I'll tell you, we're getting a great deal of feedback from the front line, from paramedics, as well as pilots, that they're very unhappy with how things are being handled at Ornge, that pilots are leaving, paramedics are leaving. They're distressed at the circumstances under which they're working, and the concern, of course, that everyone has is that you can have all the helicopters you want; if you don't have the pilots, if you don't have the paramedics, you don't have an emergency service. So, are you aware of that personnel shortage problem that we've got?

Mr. Rick Potter: No. I left working in the office at Ornge on March 1, so what's happened in that interim I'm not sure. What has happened in the general aviation marketplace is that there's been a fairly significant hiring uptake by Porter, by the Air Canada startup, by Jazz, a number of them, and, really, starting off with a single-engine turboprop is generally kind of the start point for a pilot in their career, and we know that a lot of people will progress through that.

The disadvantage we have in Ornge is that—I don't understand why, but there's a number of people who would not prefer to live in northern Ontario, and so if there's an opportunity to move to southern Ontario, they take that.

Mr. Frank Klees: Can I ask, just again to shift to the Pilatus deal, were you involved in that purchase agreement, the negotiating—

Mr. Rick Potter: Yes.

Mr. Frank Klees: What was your role in negotiating that deal?

Mr. Rick Potter: Essentially, kind of a technical representative.

Mr. Frank Klees: Okay. Did you make a specific recommendation based on that technical analysis to Ornge—

Mr. Rick Potter: To recommend that type of aircraft?

Mr. Frank Klees: Yes.

Mr. Rick Potter: I did, sir.

Mr. Frank Klees: Okay. And did you declare a conflict when you made that recommendation?

Mr. Rick Potter: No.

Mr. Frank Klees: It's my understanding that you're very good personal friends with Frank Kelner.

Mr. Rick Potter: No, I'm not.

Mr. Frank Klees: You're not?

Mr. Rick Potter: No.

Mr. Frank Klees: Do you know Mr. Kelner?

Mr. Rick Potter: Sure I do. It's Thunder Bay.

Mr. Frank Klees: Okay.

Mr. Rick Potter: There's Thunder Bay and then in the aviation community is probably 30 or 40 people. I know Cliff Friesen and Harvey Friesen and all the rest of them, too.

Mr. Frank Klees: Okay.

Mr. Rick Potter: I don't think Cliff would say I'm his friend, though.

Mr. Frank Klees: Did you negotiate the \$300,000 donation back to Ornge?

Mr. Rick Potter: It had nothing to do with me.

Mr. Frank Klees: Pardon?

Mr. Rick Potter: I had nothing to do with it.

Mr. Frank Klees: But you're aware that it did take place?

Mr. Rick Potter: Actually, no. I know that Chris tried to institute a policy, I think, where he went after primary people for something like a 2% donation back. But I had nothing to do with that.

Mr. Frank Klees: So are you saying that it was a matter of business dealings that if you did business with

Ornge, that it was expected that you would kick back to the charity a certain percentage of that deal?

Mr. Rick Potter: I wasn't involved. I don't have the answer to that. But further to your initial question, the aircraft weren't purchased from Kelner aircraft. They were purchased from Pilatus in Switzerland. Kelner had nothing to do with it. As a matter of fact, they were kind of upset that we didn't buy it through him. They did do some of the maintenance stuff because they're the maintenance centre for Canada.

Mr. Frank Klees: Okay.

The Chair (Mr. Norm Miller): You have about two and a half minutes.

Mr. Frank Klees: I'd like to just spend a couple of minutes, which is all I have, regarding your background. You were with Nav Canada as an air traffic controller. That was your background, and then you were at Confederation College. Can you tell us the circumstances under which you left Confederation College?

Mr. Rick Potter: Sure. I went to Confederation College for five years and it was just about five years and I finished. My task was to build the Aviation Centre of Excellence and to bring the three faculties together in that facility.

Mr. Frank Klees: We will be hearing from Patricia Lang from the college here and we will be asking her about the circumstances under which you left Confederation College. Do you have anything to add to your answer?

Mr. Rick Potter: No. Patricia Lang and I had differences of opinion, but my intent was never to stay past five years anyway.

Mr. Frank Klees: I see. But you were terminated there?

Mr. Rick Potter: I left Confederation College at about the five-year mark, which was what my plan was.

Mr. Frank Klees: But the circumstances were that you were fired; is that correct?

Mr. Rick Potter: The circumstances were that I had agreed to work for five years, and I worked for five years.

Mr. Frank Klees: What experience prior to coming into Ornge did you have in starting up a new airline?

Mr. Rick Potter: The short answer is none. The longer answer is that I've been involved in aviation as a commercial pilot for—well, as I say, 43 years. There's not an airport in northwestern or northern Ontario that I haven't personally flown into. I—

Mr. Frank Klees: But there's a difference between being a pilot and managing an entire fleet and managing an airline as the COO with all of these responsibilities that you had there.

Mr. Rick Potter: If I could finish, I managed an aviation operation and air traffic control of almost 500 employees—somewhere short of 500 employees.

Mr. Frank Klees: That's air traffic control. That's not—

Mr. Rick Potter: That's aviation. It's a regulatory-based environment, and I was the accountable executive at Confederation College for the aviation program.

Mr. Frank Klees: Did you get a sense at any time that you might be underqualified for this huge—

Mr. Rick Potter: Absolutely none.

Mr. Frank Klees: Thank you.

The Chair (Mr. Norm Miller): Thank you very much. We'll move on to the NDP, and you have six minutes each for this round.

M^{me} France G  linas: Okay. A whole bunch of little questions that have nothing to do with one another in any particular order. I'll start with, when you were talking about some of the other projects, you mentioned projects for Saskatchewan, AirMed for Alabama, Fort Lauderdale, and then you concluded this by saying, "Mr. Apps had designed a structure which I challenged." I'm curious to hear more about what the structure is that had been presented to you that had been designed by Mr. Apps, and what are some of the challenges that you brought?

Mr. Rick Potter: Well, the challenge is compliance with—in the United States, first of all, it's the DOT, the Department of Transport. Their role is to look at new businesses, whether it takes away from American business, whether it's going to impact on American business. One of their mandates is, they're very adamant about ownership, clarity of ownership and who is operating and managing the aviation enterprise.

You know, Virgin Airlines spent \$10 million and still couldn't get through the DOT. It's a fairly significant hurdle to cross. Mr. Apps designed a system which—to call it complex is being generous. Basically I said to him, at the end of the day the word they look at is "control," and if at any point in this process, in the control chain, there's less than 75% US control, they won't buy it. My interpretation of what he presented was that that would not be in compliance with the DOT.

M^{me} France G  linas: So, did you ever question why such a complex corporate structure had been designed? What was the idea? Like, why put yourself through that much time, effort and energy? What's behind this?

Mr. Rick Potter: I do not know.

M^{me} France G  linas: Did he ever explain the corporate structure to you?

Mr. Rick Potter: No.

M^{me} France G  linas: No? No. Although you didn't know the full structure, you knew enough to say that we have to look at control at each and every one of those—

Mr. Rick Potter: What happened was, there was a meeting with Chris, and Chris said, "Well, we're going to do this." I just said, "Whoa, what are you doing here?" Then I said, "I don't think you can do that, and I've got to see this." That's when I said, "This isn't going to work."

M^{me} France G  linas: And what is it that you have seen? What did they show you when you said, "This is not going to work"?

Mr. Rick Potter: They showed me an organizational chart, which had a number of corporate entities and who owned this and reported over here—I can't remember all the figures, but there was like 25% over here and this went to something like 2%. I said, "It doesn't matter,

here, you've got this—it can't work." It won't—no pun intended—it won't fly.

M^{me} France Gélinas: And you were right; it crashed quite badly.

Another question had to do with, when you met Mr. Mazza, you described him as an impressive guy. Do you think he was a good choice for the CEO of Ornge?

Mr. Rick Potter: I've often thought of that. I think he was a good choice at the beginning, and I think as a visionary he had a tremendous amount that could be accomplished. But if you could put Chris over in the visionary thinking, idea, conceptual mode over here and have somebody who was—

M^{me} France Gélinas: Operational.

Mr. Rick Potter: —perhaps more traditionally business-oriented, it would have been better.

M^{me} France Gélinas: It would have been better. One of the reasons we were given for Dr. Mazza making \$1.4 million and having been given personal loans was that other agencies were trying to recruit him, and in order to keep him in Ontario, we needed to pay that much money. You know the aviation business really well. You've been in it. You're known in the aviation business very well also. Who would have wanted Mr. Mazza's expertise in air ambulance?

1440

Mr. Rick Potter: I think Chris's forte was not so much aviation, but it certainly was in emergency transport medicine. My understanding is that there is not a large number of people who are both emergentologists and have an MBA, and have 20 years' experience in the emergency business. So I think he was one of a very select few who could do that particular part of the job.

M^{me} France Gélinas: Do you know if there's a market out there for—there are not too many agencies that offer air ambulance either.

Mr. Rick Potter: Is there a market for it? I don't know. Chris firmly believed there was.

M^{me} France Gélinas: Okay. To my colleague.

Mr. Jagmeet Singh: So when you were looking at the chart and you said, "You've got this here; this is not going to work," what did you mean by that?

Mr. Rick Potter: It would not meet DOT approval.

Mr. Jagmeet Singh: Besides DOT approval and in general the complex corporate structure, what else? Were there any other problems you noticed with it?

Mr. Rick Potter: I didn't analyze the corporate structure; I didn't analyze the cash flow. I was at a couple of meetings; I made a couple of comments. I mean, they had a growth rate that was better than Google's. When I looked at the lines, I said, "Where does that come from? Have we got any proof of that?" I never saw any proof.

Mr. Jagmeet Singh: Okay. Beyond that it was complex and you didn't see any proof of it, did you raise any other concerns about the structure—the way it was set up?

Mr. Rick Potter: No, because it wasn't my concern. I dealt with the aviation aspect, and I raised concerns about that.

Mr. Jagmeet Singh: Again, besides the DOT, any other aviation concerns you had about the structure?

Mr. Rick Potter: As it exists today?

Mr. Jagmeet Singh: Pardon me?

Mr. Rick Potter: As it exists today?

Mr. Jagmeet Singh: As it existed when you were looking at the chart and you said, "I don't agree with this. This is not going to meet DOT approval."

Mr. Rick Potter: That wasn't so much a safety thing. It was just regulatory compliance. It was not going to happen the way they wanted to do it. Chris was insistent that he had to have control. Again, that flies in the face of everything the DOT and the FAA say: You can't have control if you're a foreign operator. It's the same thing in Canada: You can't have a US entity come in and have control of a Canadian corporation. That was really the crux of the matter on that one.

M^{me} France Gélinas: I want to come back to what we call kickbacks, but I'll try to find a better word to describe this exactly. We're looking right now at money that the Auditor General has identified for marketing services that looks very much like we paid too much to Agusta so that they would give money back to a for-profit company to do questionable work. Is it common in the industry, when you go out and purchase whatever you need for your aircraft? Is this something you have seen—not that you have done, but that you know is happening?

Mr. Rick Potter: All I can say is that I did not understand going from 144 to 152.

The Chair (Mr. Norm Miller): And we are out of time on this question. We'll move to the government. Mr. Leal, go ahead.

Mr. Jeff Leal: Mr. Chair, through you to Mr. Potter, I want to go back and pursue the decision to go to Oshawa. You indicated to me that the city of Oshawa put an incentive package on the table. Is that correct?

Mr. Rick Potter: That is correct.

Mr. Jeff Leal: It was a poor choice to go there, in terms of aviation and in terms of potential patient response because of the curfews at Oshawa airport?

Mr. Rick Potter: All I can say is in response to the aviation side; I didn't deal with the patient side of it. But on the aviation side, I had genuine concerns with Oshawa. They assured us that that would not be a problem—the noise abatement—but my experience has been that that lasts as long as that council is in power and subsequent councils can change it under pressure. That was what scared me.

Mr. Jeff Leal: Do you know the content of the incentive package put forward by the city of Oshawa?

Mr. Rick Potter: No. I think there was incentive by the city. I believe it may have been reflected in fuel pricing or advantage on the fuel pricing at the airport, but you can't quote me on that. We'll try to get you the information for it.

Mr. Jeff Leal: Did you advise against the decision to go to Oshawa?

Mr. Rick Potter: I did initially, and I did subsequently, yes.

Mr. Jeff Leal: Who made the decision to go to Oshawa?

Mr. Rick Potter: To be honest with you, has a definite decision been made about Oshawa? When I left, there hadn't been—

Mr. Jeff Leal: Who made it? If you advised against, who made the decision, obviously overruling you on technical merit?

Mr. Rick Potter: It would have been the COO of operations and the CEO.

Mr. Jeff Leal: What position does Jim Feeley hold at Ornge?

Mr. Rick Potter: VP of aviation.

Mr. Jeff Leal: How long has he been there?

Mr. Rick Potter: Three years? Four years?

Mr. Jeff Leal: Was he responsible for the decision to go to Oshawa?

Mr. Rick Potter: I don't believe so.

Mr. Jeff Leal: Who was, then?

Mr. Rick Potter: It was made by operations.

Mr. Jeff Leal: Dr. Mazza made the decision?

Mr. Rick Potter: Dr. Mazza supported the Hamilton decision on the initial go around. Now, the subsequent decision-making—I'm just trying to think of how this thing played out. After there was some reconsideration, operations wanted to go to Oshawa. I believe operations were the people who pushed Oshawa, which is Lepine and Farquhar.

Mr. Jeff Leal: So there is documentation, correspondence that would have been going back and forth in terms of the bid for Oshawa?

Mr. Rick Potter: I believe so, yes.

Mr. Jeff Leal: I have a couple more questions. How much were you paid as a board member of Ornge?

Mr. Rick Potter: I think I was paid \$1,000 a meeting.

Mr. Jeff Leal: Did you serve on the Ornge board at the time it approved Mr. Kelly Mitchell and the Pathway Group's retainer?

Mr. Rick Potter: No.

Mr. Jeff Leal: If I want to go back to the Oshawa thing for a moment, did you provide a technical overview of the Oshawa operation to determine that it wasn't a good choice?

Mr. Rick Potter: Yes.

Mr. Jeff Leal: Do you have that information? Could it be made available to this committee?

Mr. Rick Potter: I don't have it, but Ornge has it and they certainly should be able to make it available.

Mr. Jeff Leal: Who would we go to at Ornge to acquire all this correspondence and technical information?

Mr. Rick Potter: I'd start with Jim Feeley.

Mr. Jeff Leal: Jim Feeley?

Mr. Rick Potter: Yes.

Mr. Jeff Leal: I have no further questions.

The Chair (Mr. Norm Miller): Mrs. Sandals?

Mrs. Liz Sandals: And if we could make a request, then—if I understand you correctly, sir, you don't per-

sonally have the documentation around Oshawa, but Ornge would.

Mr. Rick Potter: That's correct.

Mrs. Liz Sandals: So if we could get a request for Ornge to provide all the documentation, correspondence, emails, whatever internal reports or analysis there is—

Mr. Rick Potter: Sorry, but there's sort of two parts to this. The first part would be we were charged with doing an analysis of the GTA/southern Ontario area to find a base to replace Toronto Island. A decision had been made to replace Toronto Island. We did an analysis on every airport we could find to find the most suitable airport and Hamilton won, hands down; unequivocally the best choice at that particular point in time. Subsequent to that—and that was verified by operations at that time; that was also verified by the medical committee at that time, the medical advisory committee, Dr. Sawadsky.

Subsequent to that a change had been made, and there were further negotiations, I believe, with Oshawa. Prior to my leaving, there was still some debate over—I believe there were a number of employees at the Toronto Island who would have preferred Oshawa, and they renegotiated or reopened some of that and went back.

Mrs. Liz Sandals: Okay, so if we could get the documentation, correspondence, analysis around the decision by Ornge—

The Chair (Mr. Norm Miller): And our clerk has been writing furiously here—

Mrs. Liz Sandals: —yeah—by Ornge and the Hamilton versus Oshawa and the decision to go to Oshawa, in particular any incentives that were offered in any meetings with respect to Oshawa.

The Chair (Mr. Norm Miller): Very well. Any other questions?

Mr. Jeff Leal: I have a quick question.

The Chair (Mr. Norm Miller): Go ahead, Mr. Leal.

Mr. Jeff Leal: If there was all this technical information in terms of response times to go to Hamilton and then there was a 360-degree change to go to Oshawa, Mr. Chair, who exerted pressure to have it move to Oshawa?

Mr. Rick Potter: I don't know that there was pressure so much. In the initial mix, we were charged with finding the most suitable airport that would operate our Pilatus aircraft, our AW139 aircraft and a potential business jet. What the business jet did is it essentially—number one, it automatically eliminates Toronto Island. So it limited a number of airports because of length of runway etc. and some prohibitions. We looked at a number of issues and it's all detailed there, right from air traffic control services to weather reporting, length of runways, noise abatement procedures, availability for snow removal—all of those kinds of things. As I said, unequivocally, Hamilton was way ahead of any other airport.

Mr. Jeff Leal: Mr. Chair—

The Chair (Mr. Norm Miller): You've got 30 seconds left.

1450

Mr. Jeff Leal: To Mr. Potter: Do you find it passing strange that with all the technical support to go to another

location that you ended up in Oshawa, from your professional perspective?

Mr. Rick Potter: Yes.

Mr. Jeff Leal: Yes. I'm finished, Mr. Chair.

The Chair (Mr. Norm Miller): Very well. We'll move to Mr. Klees.

Mr. Frank Klees: Mr. Potter, you mentioned earlier that Ornge audits, obviously, all of your service providers, the people who contract—

Mr. Rick Potter: Including Ornge.

Mr. Frank Klees: I was going to ask, who audits Ornge?

Mr. Rick Potter: We're audited on three levels. We audit ourselves as part of the safety management system.

Mr. Frank Klees: Right.

Mr. Rick Potter: We're audited by the Ministry of Natural Resources, and we're audited by independent auditors.

Mr. Frank Klees: Well, I find it interesting that Ornge audits itself.

Mr. Rick Potter: Every organization does that as a part of a pre-audit process. It's part of the safety management system, to go through and see whether you're compliant.

Mr. Frank Klees: Has that worked well?

Mr. Rick Potter: It works well in every organization, as long as it's not the sole and only source. We're the only organization that's audited by two other independent sources.

Mr. Frank Klees: When was the last time MNR audited Ornge?

Mr. Rick Potter: MNR started an audit, I believe, in May, and before I left, I bugged them. We still didn't even have an audit report.

Mr. Frank Klees: Chair, I'd like to get a copy of that latest audit report by MNR.

The Chair (Mr. Norm Miller): Okay. So noted.

Mr. Frank Klees: When was the last time that Transport Canada audited Ornge?

Mr. Rick Potter: Transport Canada was in. Initially they do—when we started the Pilatus operation, they did an initial check, and I'm not sure what their date for the next one is.

Mr. Frank Klees: Do you recall, overall, the results of that audit? On a scale of one to 10, with one being not very good to 10 being very good, where would it have—

Mr. Rick Potter: It was probably about an 8.5, and that's a subjective opinion. There were some discrepancies in the training files, but in any audit, including Air Canada and any airline in Canada, you go through and you'll find on the maintenance records and stuff minor things. But as far as the operation goes, there were kudos. The independent auditor that we had in the fall, his report said it was the best airline operation he'd ever seen.

Mr. Frank Klees: That's interesting, given what we know and given the rest of the story. Chair, I think we should get a copy of that Transport Canada audit as well.

The Chair (Mr. Norm Miller): So noted.

Mr. Frank Klees: Since the last Transport Canada audit, Mr. Potter, would you agree that, given that all of the operations now are under the Ornge umbrella, whereas previously it was CHL that was providing, certainly on the helicopter side, very experienced staff and expertise—as of March 31, all of those functions, 100% of them, are now under Ornge. Do you think it would be appropriate to have Transport Canada come in now and do an audit to see just how well equipped and how qualified the people in key positions are to delivering our air ambulance service—

Mr. Rick Potter: Certainly, it would be. Number one is that every key person at CHL now works for Ornge; okay? That's the first part. The second part is Transport Canada, as a matter of regulation, within the first six to 12 months of operation will come in and do an audit.

Mr. Frank Klees: Except you said earlier that many of the individuals who were highly qualified, whom you expected would come across through the transfer, chose not to.

Mr. Rick Potter: On the pilot side.

Mr. Frank Klees: On the pilot—well, I would say that's a pretty significant part of the operation, wouldn't you?

Mr. Rick Potter: Pilots are critical to that operation.

Mr. Frank Klees: Right. I suppose that given the fact that we have really a very different organization today than we did pre-March 31, it's important for us to know what Transport Canada's assessment of that organization is.

Mr. Rick Potter: I think it's important to know Transport Canada's assessment, but I disagree with you completely that it's a very different organization. It's not. When we designed the transition, it was designed so that there was the absolute minimum of change and a minimum of disruption. The same reporting systems, the same key personnel positions were all retained; the same policies, same procedures, all retained. The idea was, and it worked out tremendously well, actually, that it was essentially transparent to an employee whether they worked for CHL in February or Ornge in May—that it was any different.

Mr. Frank Klees: When it comes down to the qualified people who are in those positions, can we get a list of the individuals and their qualifications who were on the job while CHL was operating and what the staffing complement looks like now in terms of positions and qualifications?

Mr. Rick Potter: Sure. I can't do it, but Ornge would—it's a matter of record. HR would have that.

Mr. Frank Klees: So, Chair, we should request that.

The Chair (Mr. Norm Miller): So noted.

Mr. Frank Klees: I think it's important for us to get a sense of what the comparative complement of expertise and qualifications is in the organization.

The Chair (Mr. Norm Miller): You have a minute.

Mr. Frank Klees: I have a minute. Mr. Potter, I want to thank you for coming here today. You've been very helpful. As much as I wish I could say that I was encour-

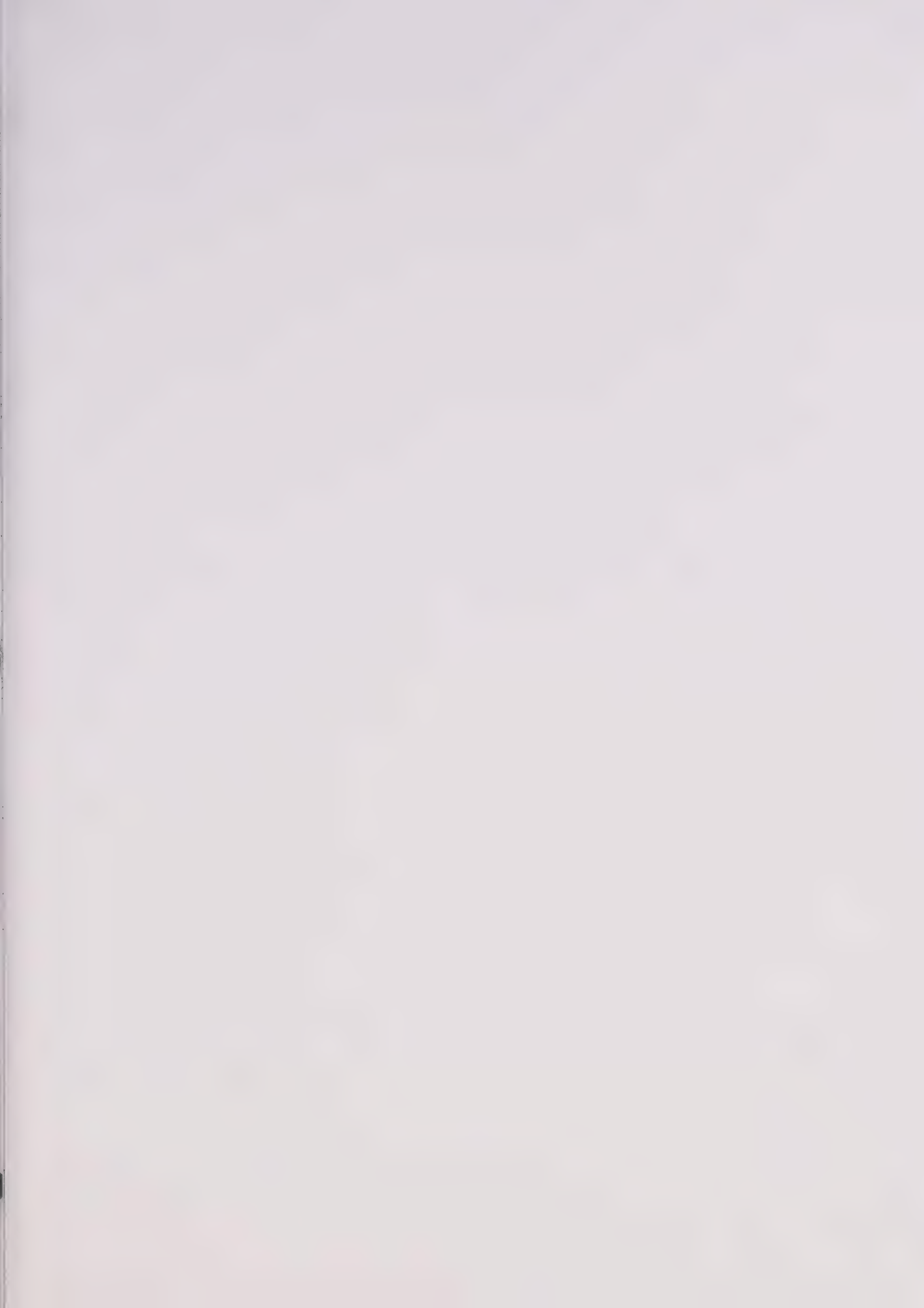
aged, I'm really not. I think that we have a great distance to go before we can express confidence in our air ambulance service. You mentioned earlier in your comment that you felt that what went wrong here was politics. I'd suggest that I think what went wrong was greed. I think there were a lot of people at the trough here who took a concept and, quite frankly, abused it. We're dealing now with the fallout of that. We'll see over the next few weeks where this takes us.

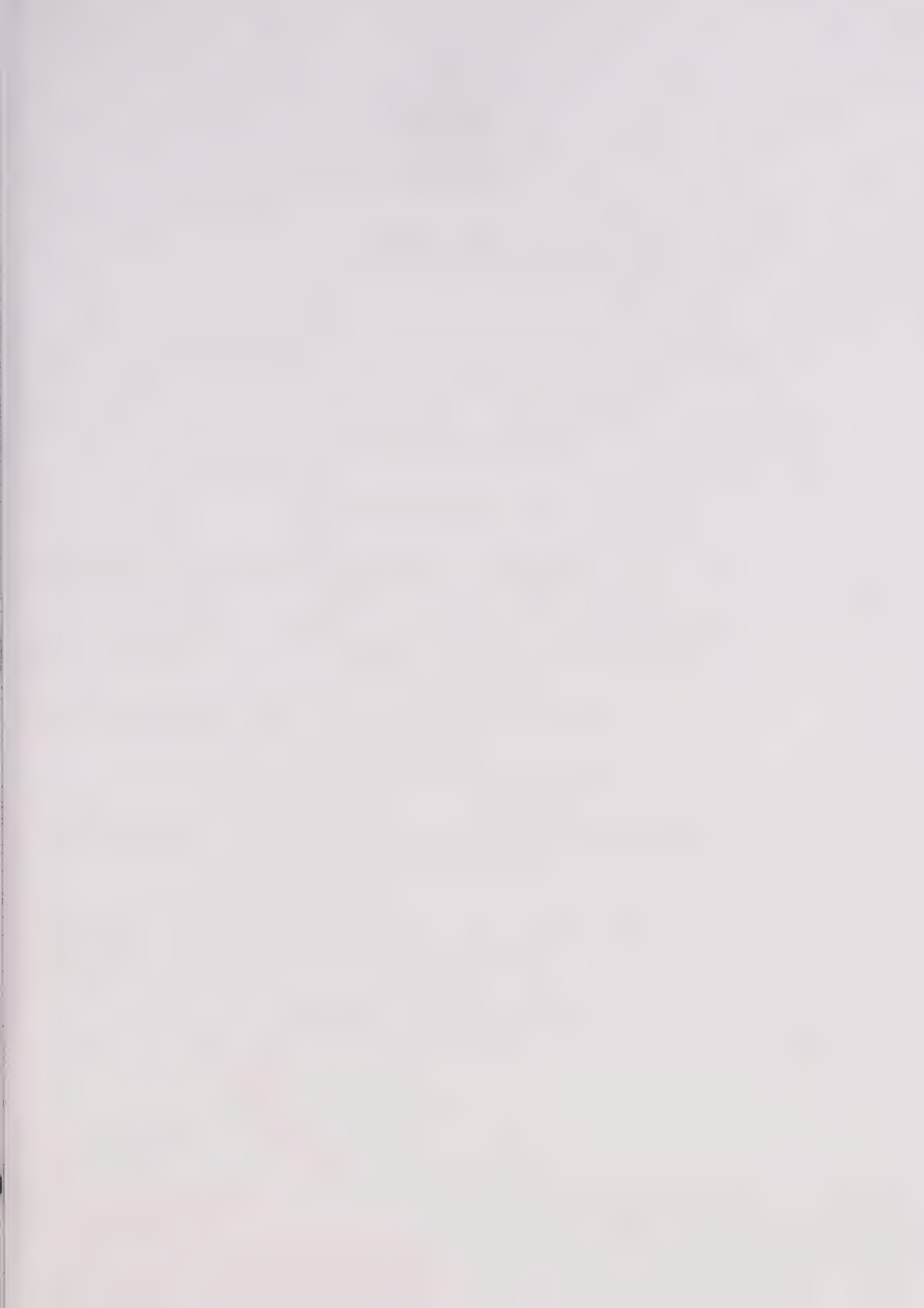
The Chair (Mr. Norm Miller): Thank you very much for making the trip down from Thunder Bay today for your coming before the committee, Mr. Potter. It's appreciated.

There is one matter before we recess. Mr. Potter had requested reasonable airfare for the trip. The subcommittee has discussed this already. Do I have agreement of the committee for this? Agreed? Agreed. Okay.

Thank you very much. This committee is adjourned.

The committee adjourned at 1457.





CONTENTS

Wednesday 9 May 2012

Subcommittee report	P-199
Special report, Auditor General: Ornge Air Ambulance and Related Services.....	P-199
Ministry of Finance.....	P-199
Mr. James Sinclair	
Mr. Rick Potter.....	P-207

STANDING COMMITTEE ON PUBLIC ACCOUNTS

Chair / Président

Mr. Norm Miller (Parry Sound–Muskoka PC)

Vice-Chair / Vice-Président

Mr. Toby Barrett (Haldimand–Norfolk PC)

Mr. Toby Barrett (Haldimand–Norfolk PC)

M^{me} France Gélinas (Nickel Belt ND)

Mr. Phil McNeely (Ottawa–Orléans L)

Mr. Norm Miller (Parry Sound–Muskoka PC)

Mr. Reza Moridi (Richmond Hill L)

Mr. Jerry J. Ouellette (Oshawa PC)

Mrs. Liz Sandals (Guelph L)

Mr. Jagmeet Singh (Bramalea–Gore–Malton ND)

Mr. David Zimmer (Willowdale L)

Substitutions / Membres remplaçants

Mrs. Donna H. Cansfield (Etobicoke Centre / Etobicoke-Centre L)

Mr. Frank Klees (Newmarket–Aurora PC)

Also taking part / Autres participants et participantes

Mr. Jeff Leal (Peterborough L)

Mr. Jim McCarter, Auditor General

Clerk / Greffier

Mr. William Short

Staff / Personnel

Ms. Catherine Beagan Flood, legal counsel

Mr. Ray McLellan, research officer,

Legislative Research Service

20N
C21
- P72

Gove
Publ

P-10



P-10

ISSN 1180-4327

Legislative Assembly of Ontario

First Session, 40th Parliament

Assemblée législative de l'Ontario

Première session, 40^e législature

Official Report of Debates (Hansard)

Wednesday 16 May 2012

Journal des débats (Hansard)

Mercredi 16 mai 2012

Standing Committee on Public Accounts

Special report, Auditor General:
Ornge Air Ambulance and
Related Services

Comité permanent des comptes publics

Rapport spécial, vérificateur
général : Services d'ambulance
aérienne et services connexes
d'Ornge



Chair: Norm Miller
Clerk: William Short

Président : Norm Miller
Greffier : William Short

Hansard on the Internet

Hansard and other documents of the Legislative Assembly can be on your personal computer within hours after each sitting. The address is:

<http://www.ontla.on.ca/>

Index inquiries

Reference to a cumulative index of previous issues may be obtained by calling the Hansard Reporting Service indexing staff at 416-325-7410 or 325-3708.

Le Journal des débats sur Internet

L'adresse pour faire paraître sur votre ordinateur personnel le Journal et d'autres documents de l'Assemblée législative en quelques heures seulement après la séance est :

Renseignements sur l'index

Adressez vos questions portant sur des numéros précédents du Journal des débats au personnel de l'index, qui vous fourniront des références aux pages dans l'index cumulatif, en composant le 416-325-7410 ou le 325-3708.

Hansard Reporting and Interpretation Services
Room 500, West Wing, Legislative Building
111 Wellesley Street West, Queen's Park
Toronto ON M7A 1A2
Telephone 416-325-7400; fax 416-325-7430
Published by the Legislative Assembly of Ontario



Service du Journal des débats et d'interprétation
Salle 500, aile ouest, Édifice du Parlement
111, rue Wellesley ouest, Queen's Park
Toronto ON M7A 1A2
Téléphone, 416-325-7400; télécopieur, 416-325-7430
Publié par l'Assemblée législative de l'Ontario

LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
PUBLIC ACCOUNTSCOMITÉ PERMANENT DES
COMPTES PUBLICS

Wednesday 16 May 2012

Mercredi 16 mai 2012

*The committee met at 0815 in room 151.*SPECIAL REPORT, AUDITOR GENERAL:
ORNGE AIR AMBULANCE
AND RELATED SERVICES

MR. LUIS NAVAS

The Chair (Mr. Norm Miller): I'd like to call this meeting to order. Our first witness this morning is Luis Navas. Mr. Navas, if you would come forward, please. Thank you. Just to confirm that you received the letter of information for witnesses coming before the committee?

Mr. Luis Navas: I did, thank you.

The Chair (Mr. Norm Miller): Very well. Our clerk has an oath for you to swear.

The Clerk of the Committee (Mr. William Short): The Bible is in front of you there, Mr. Navas.

Mr. Navas, do you solemnly swear that the evidence you shall give to this committee touching the subject of the present inquiry shall be the truth, the whole truth and nothing but the truth, so help you God?

Mr. Luis Navas: I do.

The Clerk of the Committee (Mr. William Short): Thank you.

The Chair (Mr. Norm Miller): Very well. You have six minutes for an opening statement, and then we'll go through the parties for questioning.

Mr. Luis Navas: Thank you very much.

The Chair (Mr. Norm Miller): You're welcome.

Mr. Luis Navas: My name is Luis Navas. I left the board of Ornge over three years ago in 2009. Over the last 20 years, I've advised on executive compensation, corporate governance and human resource strategy to more than 200 corporate boards around the world. I am also an established business professional in investment banking and capital underwriting.

I volunteered to appear before this committee to provide clarity about my involvement with Ornge from the year 2006 to mid-2011. In 2006, Rainer Beltzner, the chair of Ornge, approached me to join the Ornge board. From 2006 to 2009, when I was on the Ornge board and chair of the compensation committee, there were no for-profit legal entities.

I can tell you that the not-for-profit board I sat on reviewed and made decisions with respect to all matters of

executive compensation with the highest standards of rigour and accountability. Over the four-year period, the CEO's compensation increased by approximately \$200,000. The increases were based on the best corporate governance practices. We evaluated comparative compensation levels provided by the sunshine list of hospitals and P3 organizations, and competitive compensation levels were considered for the CEO in light of the increased mandate of Ornge by the government.

The board prepared a detailed CEO performance scorecard every year that improved the level of services, budget efficiencies, and the overall effectiveness of Ornge. The board capped CEO compensation each and every year.

I left the Ornge board in 2009, and that was the last time that I had anything to do with the board's decision-making process for executive compensation. At that time, the CEO of Ornge was earning about \$550,000 in total compensation. The CEO's compensation was approved by the board and deemed appropriate.

In spring 2010, several months after leaving Ornge, Odgers Berndtson, a search firm, contacted me because I was considered to be the best candidate for the newly created Ornge Global to establish business partnerships outside of Ontario. I was never an employee or executive at Ornge, only a third-party adviser. I accepted that this adviser's position was paid for for approximately 14 months. The retainer I received was for about \$175,000 in 2011 plus warrants. Maria Renzella, Ornge Global's COO, advised me that I was being paid from the revenue generated by Ornge Global and not by Ontario taxpayers funding Ornge. I was asked to work with Ornge's marketing group as well as David Santangeli from Morrison Park Advisors. This is the firm that did that the \$275-million bond offering and the Ornge office lease-back financing.

My role was to reinforce this group's efforts by identifying development opportunities, arranging meetings with potential development partners, linking Ornge to a group that could set up an underwriting capital pool. I had no involvement with the AgustaWestland marketing services agreement, but I did provide advice on a global endorsement partnership with AgustaWestland.

The government supported Ornge Global, and I base this understanding on the numerous reports and presentation papers that many members of the government had seen, which I have provided for you today. I was advised

that the vision for Ornge Global came about because of the current air ambulance service gap that exists in Ontario. There was a study that Ornge commissioned by Hay Group that identified this gap in air ambulance services of over 9,000 Ontario patients per year. It was my understanding that the underlying premise for creating a for-profit Ornge entity was that a portion of the profits would be channelled to additional resources for the benefit of Ontarians. This was seen as the best way to reduce the significant service gap and lack of funding.

0820

Know that I am far from suggesting that nothing went wrong at Ornge. I fully support the work of this committee to get to the bottom of what went wrong, which is why I'm here today on a voluntary basis from the United States.

In order to improve public sector accountability in the future, I have put some thought to what would help the government avoid future situations like this.

Apply due diligence with compensation when considering public-private partnerships. If you refer to the document I have tabled in front of you with regard to the CEO of CHL, CHL was in a private-public partnership with the government, and its CEO received three times what Mazza has been reported as making, almost \$10 million in the last five years alone.

Evaluate conflicts of interest that may develop with compensation consultants. I tabled a CEO contract with you here, where the firm Hay Group is sharing the CEO role at one hospital in Ontario amongst five Hay Group compensation consultants and operational consultants, as well as a booklet of over 100 other examples of conflict of interest.

Pay closer attention to the credentials of compensation consultants. There are consultants who have never practised before taking on senior advisory roles. Hugessen Consulting, who actually educated the Ornge board on executive compensation through a directors' education program, is a case in point. Two of the three founding partners of Hugessen had no prior experience in executive compensation consulting before they took on senior advisory roles. Without the professionalization of the compensation consulting industry, the barriers to entry are non-existent.

I believe greater transparency, accountability and rigour with compensation governance is essential so that what may have happened here with Ornge does not happen again.

With all that said, I hope that people realize that running an airline is complicated, running a helicopter company is challenging, and running a multi-base land and air hospital across a province that is more than 10 times the size of the state of New York is daunting. Ornge is all of those organizations wrapped into one. It's an extremely complex organization to successfully manage, but a service that Ontarians deserve.

I hope my testimony has given you further insight into making this critical component of health care in Ontario better, and I support the work that this committee does.

The Chair (Mr. Norm Miller): Thank you very much, and we'll move to the opposition first for questioning. Mr Klees?

Mr. Frank Klees: Mr. Navas, did you read the Auditor General's report on the Ornge air ambulance service?

Mr. Luis Navas: Yes, sir.

Mr. Frank Klees: According to the Auditor General, this organization is anything but well-run: serious problems in terms of patient care, serious issues in terms of disclosure and in terms of return on investment for the people of Ontario. That's why we're here, by the way. If what you said about Ornge was true, we wouldn't be here.

I'd like to ask you this: You say that you were with Ornge from 2006 until 2011, but then you said you left in 2009. When you first joined Ornge, you were there as a director. Is that correct?

Mr. Luis Navas: That is correct.

Mr. Frank Klees: And you were there as the chair of the governance and compensation committee?

Mr. Luis Navas: That is correct.

Mr. Frank Klees: That is correct. When did you leave the board?

Mr. Luis Navas: In 2009.

Mr. Frank Klees: And when you left the board, what position did you then take on with Ornge?

Mr. Luis Navas: This is in my capacity as an adviser to Ornge?

Mr. Frank Klees: So you're saying you were strictly an adviser to Ornge.

Mr. Luis Navas: That's correct.

Mr. Frank Klees: And you said you had nothing to do with any of the for-profit entities of Ornge.

Mr. Luis Navas: No. I said that at the time when I was on the board there were no for-profit entities.

Mr. Frank Klees: Did you have anything to do as a director in terms of decision-making with regard to the plans that Ornge had for the for-profit entities?

Mr. Luis Navas: No, sir.

Mr. Frank Klees: That never came before the board?

Mr. Luis Navas: Not between 2006 and 2009.

Mr. Frank Klees: And when you took on your role as an adviser, as you put it, who hired you for that position?

Mr. Luis Navas: That was Dr. Mazza.

Mr. Frank Klees: Dr. Mazza himself.

Mr. Luis Navas: Yes.

Mr. Frank Klees: And what was your compensation when you were on the board?

Mr. Luis Navas: I believe we received \$1,000 per meeting and a retainer of \$10,000 per year.

Mr. Frank Klees: Ten thousand dollars per diem, so annually?

Mr. Luis Navas: No, not \$10,000 per diem. A \$10,000 annual retainer, plus \$1,000 per meeting.

Mr. Frank Klees: And how many meetings would you have?

Mr. Luis Navas: At that time, there would probably be about six to eight meetings a year.

Mr. Frank Klees: Okay. So your total compensation between the years 2006 and 2009, as a director, would have been what, annually?

Mr. Luis Navas: I'd have to look back, but it was based on those numbers.

Mr. Frank Klees: Approximately.

Mr. Luis Navas: That would work out to around \$100,000, I guess.

Mr. Frank Klees: So, \$100,000. How much was the chair of the board making at that time?

Mr. Luis Navas: I don't know.

Mr. Frank Klees: You run the compensation committee. You don't know what the chair of the board was earning?

Mr. Luis Navas: I would guess he was probably around \$40,000.

Mr. Frank Klees: But why would you say you didn't know? You were the chair of the compensation and governance committee of the board.

Mr. Luis Navas: Because it changed every year.

Mr. Frank Klees: Pardon?

Mr. Luis Navas: Because it changed every year.

Mr. Frank Klees: How much was it—

Mr. Luis Navas: I would guess about \$40,000, sir.

Mr. Frank Klees: Forty thousand. That's not the number that he told us that he was earning.

Mr. Luis Navas: I'm giving you the dates from 2006 to 2009.

Mr. Frank Klees: What was your title when you left and you were taken on into a new role by Dr. Mazza? What title were you operating on as an adviser?

Mr. Luis Navas: There was no title. It was "adviser."

Mr. Frank Klees: So you assumed that role of adviser from 2009 to what date?

Mr. Luis Navas: No, I believe I indicated it was spring of 2010 to about summer of 2011.

Mr. Frank Klees: Do you recall a meeting that you had with the Cleveland Clinic regarding Ornge Global?

Mr. Luis Navas: Which one specifically? There were a couple.

Mr. Frank Klees: You had many meetings?

Mr. Luis Navas: I think there were two.

Mr. Frank Klees: Why don't you tell me about those?

Mr. Luis Navas: There was one in Cleveland with members of the Cleveland Clinic. There was one other one with one of their satellite offices.

Mr. Frank Klees: Where did that take place?

Mr. Luis Navas: That was in Weston, Florida.

Mr. Frank Klees: Weston, Florida?

Mr. Luis Navas: Correct.

Mr. Frank Klees: During that time that you were working as an adviser, where were you living?

Mr. Luis Navas: Half the time—originally, when I started, I was living in Oakville, Ontario. Then in the spring of 2011, I moved to the United States.

Mr. Frank Klees: Did Ornge pay for any of your moving costs or living costs while you were living in—

Mr. Luis Navas: I believe they paid for my airfare on my first trip down, correct.

Mr. Frank Klees: And subsequent to that, all of your living expenses were looked after by yourself?

Mr. Luis Navas: That's correct.

Mr. Frank Klees: And what were you being paid in that position as an adviser?

Mr. Luis Navas: In 2011, I was paid \$175,000 plus warrants.

Mr. Frank Klees: Plus bonus? And how much was the bonus?

Mr. Luis Navas: Plus warrants.

Mr. Frank Klees: Tell me about that.

Mr. Luis Navas: Warrants were a form of compensation in terms of kind of like a stock option, I guess, on the increased value of Ornge Global.

Mr. Frank Klees: What would the value of those warrants have been?

Mr. Luis Navas: Zero.

Mr. Frank Klees: Okay. What was the potential of those warrants?

Mr. Luis Navas: I think they probably could have accumulated to about \$200,000 over a five-year period.

Mr. Frank Klees: All right.

Do you recall writing a letter to Dr. Bernardo Fernandez of the Cleveland Clinic?

Mr. Luis Navas: I do.

Mr. Frank Klees: It's interesting: You say that you never had a title, but you signed that letter as chief operating officer of Ornge Global.

Mr. Luis Navas: I did not have a title. There was no employment agreement with me whatsoever.

Mr. Frank Klees: Well, why would you have signed this letter?

Mr. Luis Navas: I don't know. I don't even know what you're referring to right now, to be honest.

Mr. Frank Klees: Clerk, if you wouldn't mind?

What we're getting at here is—I appreciate the fact that you've come here to clarify things, but by suggesting that you don't—

Mr. David Zimmer: Have you got copies there, Frank?

Mr. Frank Klees: Yes, it's being distributed. I've asked the clerk to make copies.

Interjections.

Mr. Frank Klees: I apologize. I just got a copy of that this morning.

My point is, Mr. Navas, you're a very experienced business person. You write interesting articles for global governance advisers, advising other companies worldwide about governance and how directors should be conducting themselves, and yet something as basic as your title—you tell us that you didn't have any formal arrangement with Ornge Global, and you don't even recall signing a letter. It was very clear from the reading of that letter—I'm sure that seeing it has probably refreshed your memory—that you were much more than an adviser. You were acting in a very senior capacity of Ornge Global. But having said that, in this article that

you wrote called “The Risky Business of Executive Compensation and Banking”—do you recall writing this?
0830

Mr. Luis Navas: If I could see that—you keep asking me to recall things, but it’d be great to see it.

Mr. Frank Klees: Sure. That’s a pretty striking title; I can’t imagine that you’d forget about this, but maybe we can pass that along. In that article, you say some very interesting things about the role of directors and responsibilities of boards. You refer, in that article—and, my colleagues, I apologize again; I just got that this morning and it’ll be circulated to you—to Lehman Brothers and Merrill Lynch as examples of lucrative compensation packages for CEOs that have embarrassed boards and forced directors to question the design of executive pay. Do you recall saying that? Is that—

Mr. Luis Navas: Now that I read it, yes.

Mr. Frank Klees: Okay. Obviously, that was somewhat prophetic because I think the board of Ornge, certainly, is embarrassed about the compensation that Dr. Mazza—are you familiar with—I know that you said that when you left, Dr. Mazza’s compensation was \$550,000. Was that the base, or were there additional bonuses in addition to that?

Mr. Luis Navas: That was total compensation.

Mr. Frank Klees: And that was, at the time—I’m assuming that was in 2009.

Mr. Luis Navas: That’s correct.

Mr. Frank Klees: How many employees would Ornge have had at that time?

Mr. Luis Navas: I would guess around 200 or so at the time.

Mr. Frank Klees: About 200. And what would the annual budget of Ornge have been at that time?

Mr. Luis Navas: About \$135 million.

Mr. Frank Klees: About \$135 million. The current chair of the board, Dr. Barry McLellan, who is the president-CEO of a major hospital—they have some 10,000 staff and an annual budget of \$850 million. You know what his compensation is?

Mr. Luis Navas: You surely are not comparing Ornge to a hospital.

Mr. Frank Klees: I am. It is a base hospital. I would suggest—

Mr. Luis Navas: I don’t think that’s a fair comparison whatsoever.

Mr. Frank Klees: Well, I’m going to—

Mr. Luis Navas: Why don’t you compare it to CHL?

Mr. Frank Klees: No; I’m asking the question. I will ask you the question, and I’d appreciate a response. The fact of the matter is—and as a board member you should know—that there was a performance agreement between the Ministry of Health and Ornge that clearly designated it as a base hospital. Its functions are precisely that—very focused, of course, and very specialized. The fact is that it is an organization. Do you know what Dr. McLellan’s salary was and is?

Mr. Luis Navas: Not in 2008-09.

Mr. Frank Klees: It’s \$700,000 today. Compared to \$550,000—I think that for someone who is in the compensation business and compares organizations, I would suggest to you that there is quite a gap here. And there isn’t anyone who has come before this board—even current board members and former board members—who say that that compensation was justified.

The Chair (Mr. Norm Miller): You have one minute left, Mr. Klees.

Mr. Frank Klees: You mentioned—

Mr. Luis Navas: Sorry, what compensation are you referring to “justified”?

Mr. Frank Klees: Either the \$550,000—

Mr. Luis Navas: You’re saying that \$550,000 was not justified?

Mr. Frank Klees: —or the more than \$2 million of compensation.

Mr. Luis Navas: I can’t speak to the \$2 million, but I think I have heard you say and talk about CHL and the comparisons of CHL to Ornge—

Mr. Frank Klees: Tell me the annual—

The Chair (Mr. Norm Miller): Please let him answer, Mr. Klees.

Mr. Frank Klees: Well, he’s—you know, Chair, I’m sorry, but this is unfair. CHL—you tell me the size of that international corporation.

Mr. Luis Navas: They had the exact same operating budget as Ornge at that time.

Mr. Frank Klees: And you tell me whether, as a private corporation, it is fair to compare the Ornge organization, which is a not-for-profit, public service organization, not at all comparative to a private sector corporation—I suggest to you that for you to draw that comparison is in fact not being forthright with this committee.

Mr. Luis Navas: May I answer the question?

The Chair (Mr. Norm Miller): Yeah, please do.

Mr. Luis Navas: Thank you. You’re absolutely right, but that’s one single data point. Just as it’s incorrect for you to say that Sunnybrook is the only example that you can compare the Ornge CEO pay back in—

Mr. Frank Klees: It isn’t the only one.

Mr. Luis Navas: Please let me answer the question. Thank you.

Mr. Frank Klees: It isn’t the only one.

Mr. Luis Navas: Well, that’s what you said. The approach is to look at, as I mentioned in my introduction, if you listened, a multiple list of organizations on the sunshine list back in 2009. The CHL example was actually never even used. It was used as a data point just for comparison purposes. But for you to make a statement that Ornge is only a base hospital—I’m sorry—is completely inaccurate. It is a multiple of things, as we’re learning—

Mr. Frank Klees: I did not—

Mr. Luis Navas: I am trying to answer your question, sir.

Mr. Frank Klees: I did not say that.

Mr. Luis Navas: I am trying to answer your question.

Mr. Frank Klees: Well, sir, let me tell you, you are a witness here and we have the right to ask you the questions that we feel are pertinent to the report that's before us, that we believe are pertinent to the mismanagement that has taken place and, quite frankly, that are pertinent to your role as a director and especially as chair of a compensation and governance committee of this organization. That's our role here.

Mr. Luis Navas: I agree; I agree. And I wish you would actually let the witness answer the question.

The Chair (Mr. Norm Miller): And you're out of time. So I'll let you answer the question, then we'll move to the NDP, please.

Mr. Luis Navas: Thank you. Those are good points, Mr. Klees, but again, you're looking at just one single data point. Back in 2009—and in any situation, you need to look at multiple data points. Are you aware that back in 2009, the CEO of CHL was making over \$1 million a year? And we—I am trying—

Mr. Frank Klees: That is totally irrelevant to what we are talking—

Mr. Luis Navas: I am trying to answer your question, sir. I'm trying to answer your question.

The Chair (Mr. Norm Miller): We'll move on, then, to the NDP, please. Go ahead, France.

M^{me} France Gélinas: Thank you. Good morning.

Mr. Luis Navas: Good morning.

M^{me} France Gélinas: You said in your opening comment that you felt that the government supported Ornge Global. That was in the comments you made. What do you base that on?

Mr. Luis Navas: I circulated a presentation that was shown to me. I was not involved in preparing it or presenting it, but in my professional opinion, the report that was presented and circulated to a number of people in the letter I felt was actually quite detailed. I was also updated on other occasions around conversations that were had with government officials. So based on that is what I'm basing it on.

M^{me} France Gélinas: Have you yourself ever checked if anybody at the Ministry of Health knew what was going on? Did you ever ask some of the people at Ornge Global how things went updating the ministry?

Mr. Luis Navas: Yes. People like the chair of the board of Ornge—

M^{me} France Gélinas: Mr. Rainer?

Mr. Luis Navas: Yes—did provide updates in terms of any meetings that they had, or conversations. It was my understanding that, yes, there was an understanding as to what was going on.

M^{me} France Gélinas: Okay, but when you were on the board, you were not involved with Ornge Global. Or were you?

Mr. Luis Navas: Correct. Sorry, I'm speaking 2010 to 2011 as an adviser, not on the board.

M^{me} France Gélinas: Okay. So what was your relationship? How come you knew what was being said at the board?

Mr. Luis Navas: Just as an adviser, you would have the ability to, at times, find out what was going on. Also, just from a commonsense approach. No adviser wants to be involved in a situation in which you know that there isn't support for what's being done. Nobody wants to get to the end of a process and find out that there's no support. From my perspective, especially from my experience as a board member from 2006 to 2009, I viewed Ontario as the main stakeholder in Ornge and critical to make sure that Ontario and Ontarians knew what was going on.

M^{me} France Gélinas: You also mentioned that you asked—I think you said that Maria had assured you that the contract you had to give advice to Ornge, once you started to work for Ornge Global, was paid for by Ornge Global and was not paid for by the not-for-profit. Did I—

Mr. Luis Navas: That's correct.

M^{me} France Gélinas: Okay. How did you know this, why did you ask and why was it important?

Mr. Luis Navas: To me, it's critical to—it touches on the points that Mr. Klees raised earlier about good governance. If the dollars are coming from Ontario taxpayers for something that is on the for-profit side, regardless of that the fact that the province was standing to benefit from profits that came from it, it would be absolutely poor governance if monies were being used from Ontarians' pockets to pay for that. So I wanted to know.

M^{me} France Gélinas: How big of a budget did Ornge Global have?

Mr. Luis Navas: I don't know that. I didn't have access to that.

M^{me} France Gélinas: How much profit did they make?

Mr. Luis Navas: I don't have access to that. The only information that I had been given was, the monies that were contributed through revenue by AgustaWestland—

M^{me} France Gélinas: —were serving to pay your retainer for an adviser.

Mr. Luis Navas: That's correct.

M^{me} France Gélinas: Did you want to ask a question?

Mr. Jagmeet Singh: Yes. In terms of the government's awareness of what was going on at Ornge, were you ever involved personally in apprising the government, the Ministry of Health, of what was going on at Ornge in terms of salary compensation or anything of that nature?

0840

Mr. Luis Navas: I never had any interaction with any government official relating to anything on Ornge Global.

Mr. Jagmeet Singh: Okay. As you indicated, being involved, you had some knowledge of what was going on; for example, a letter that you tabled that was given to the Ministry of Health. In terms of just your general knowledge, were you aware if the Ministry of Health was apprised of salary disclosure; for example, how much people were making at Ornge?

Mr. Luis Navas: It was my understanding that from 2008—which I was on the board at that time, as I

mentioned earlier—from that time onwards, there was no discussion or disclosure around compensation with the government of any kind.

Mr. Jagmeet Singh: And do you know why that decision was made?

Mr. Luis Navas: I do, actually, because I was on the board at the time. In 2008, the board's legal advisers were informed that Ornge no longer had to disclose compensation. To be totally honest, being an executive compensation adviser was not anything new to me. There had been a number of other quasi-government entities, P3 organizations, that I was aware of that also were no longer required to disclose compensation levels.

Mr. Jagmeet Singh: Despite not being required to, did you feel that it was still appropriate, given the fact that all the salary was coming from the public purse?

Mr. Luis Navas: I had no issue, if it wanted to be disclosed or not. I have some clients where there are similar issues, and they are not required to disclose; they disclose the top three executives in the annual report. So I was fine either way, but the legal advisers to Ornge had said, "You should just not disclose it."

M^{me} France Gélinas: Was this a discussion of the board members, and how many board members felt, like you did, that it should be disclosed versus shouldn't?

Mr. Luis Navas: It was a discussion at the board level, and the board as a whole felt that if they were being advised not to disclose it, then that was what should be done.

M^{me} France Gélinas: So how come you're still there? You're still at the board, you're having those conversations, and we're saying that you don't have to disclose because you have now gone to a for-profit entity, but you tell us that there was no for-profit entity when you were on the board.

Mr. Luis Navas: No, sorry. Maybe it's not coming across properly. So from 2006 to 2009, there were no for-profit entities. Frankly, there were no discussions around for-profit entities. Any comments that I'm making around disclosure or pay was as a director. It stops and ends there.

M^{me} France Gélinas: So how could Mr. Mazza's salary have been considered not from the not-for-profit if there was no for-profit existing?

Mr. Luis Navas: I'm sorry. I don't understand the question.

Mr. Jagmeet Singh: So, when you were advised that you no longer had to disclose the salary, what happened? What was the change that occurred that required—

Mr. Luis Navas: Oh, just that all employees were no longer being reported on the sunshine list. It was as simple as that.

M^{me} France Gélinas: Based on? What changed?

Mr. Luis Navas: On the legal advice that was given to the board.

Mr. Jagmeet Singh: And what was that legal advice?

Mr. Luis Navas: I'm sure it's still in the minutes of Ornge—that, based on the categorization of Ornge as a legal entity, it did not have to actually report it.

Mr. Jagmeet Singh: And it had nothing to do with the for-profit or not-for-profit—

Mr. Luis Navas: There was no for-profit at the time.

Mr. Jagmeet Singh: So just the new characterization of the organization, that it no longer—

Mr. Luis Navas: That's absolutely correct.

M^{me} France Gélinas: Do you remember which lawyer gave that advice?

Mr. Luis Navas: I don't remember the lawyer, but the firm at the time was Fasken.

M^{me} France Gélinas: It came from Fasken?

Mr. Luis Navas: Correct.

M^{me} France Gélinas: So when you left in 2009, Mr. Mazza's salary was in the \$500,000 range?

Mr. Luis Navas: No. So, just to be clear—because I find I've been listening to the discussions of this committee in the last several weeks and also following the media, and people keep referring to salary. There are three components in executive compensation generally. In a not-for-profit, when I was on the board—and it would be the same in terms of Mr. Klees's example of Sunnybrook—you have a salary and then you have an annual bonus. In a for-profit entity, you usually have three components of compensation: You have a salary, an annual bonus and some form of what's called a long-term incentive. The long-term incentive is something that's usually paid at a future date. It works kind of like a stock option, and it only gets triggered if there's an accumulation of value generated in the organization. So the \$550,000 that I'm referring to was salary and bonus. I think his salary at the time was \$400,000.

M^{me} France Gélinas: And then the other \$100,000 was a bonus?

Mr. Luis Navas: That's correct.

M^{me} France Gélinas: Do you know if the Ministry of Health ever asked how much Mr. Mazza's compensation was?

Mr. Luis Navas: I do know that as the chair of the company, there never was a question asked as to what the compensation was, no.

M^{me} France Gélinas: If you followed the file, you know that the NDP had filed freedom of access to information to find out what Mr. Mazza's salary was. So you're telling us that the ministry never actually asked Ornge what his salary was?

Mr. Luis Navas: No. As chair of the comp committee, I was never approached on anything like that, no.

M^{me} France Gélinas: Would you expect that you would have been if such a request had been made?

Mr. Luis Navas: I would think so, yes.

M^{me} France Gélinas: But it wasn't.

Mr. Luis Navas: Correct.

M^{me} France Gélinas: When did you leave the board of Ornge? What month in 2009?

Mr. Luis Navas: It would have been the end of 2009. It should be in the corporate records of my resignation letter.

M^{me} France Gélinas: So in November or December?

Mr. Luis Navas: It would have been, I think, in December 2009.

M^{me} France Gélinas: Okay. Go ahead.

Mr. Jagmeet Singh: Were you ever Dr. Mazza's college roommate?

Mr. Luis Navas: No.

Mr. Jagmeet Singh: In terms of the compensation, what points did you compare to determine Dr. Mazza's overall compensation?

Mr. Luis Navas: Sure. It's a good question. That's what I was trying to answer before with Mr. Klees.

What we would do is actually gather—we applied what's called a compensation strategy. We used the exact same type of philosophy and approach that would be used in a publicly traded company at the time. And that should be in the corporate records, the actual compensation strategy of Ornge between 2006 and 2009.

So what we would actually do is we had a pay philosophy to only pay against organizations on the sunshine list, not-for-profits, that had quasi-similar size. We definitely would look for organizations that kind of operate in the same context. Mr. Klees is absolutely right that one of the data points that we would use is hospital CEOs, but it wasn't the only one. The challenge that we would have, though, is how do you find other comparables in terms of aviation experience, both on the rotor side and the fixed-wing side? How do you incorporate, also, the multi-base examples, the air versus land? So it wasn't easy, but we always erred on the conservative side. We really put most of the weight on CEOs of hospitals. When we would compare that to Dr. Mazza's compensation—and I'm talking in terms of target compensation, because what we would do is we'd actually have a salary, and then in terms of the annual bonus, we would have a performance scorecard that would allow him to make anywhere between a threshold level of bonus to a superior level of bonus.

If you combine the total compensation, he was usually around about the 75th percentile of the hospital peer group. So there were other CEOs in the hospital peer group in Ontario who were earning more than him.

M^{me} France Gélinas: Did the ministry know about the compensation structure that you had put in place?

Mr. Luis Navas: Yes. From my understanding—I was not involved in the discussion, but I was advised that in 2007 or 2008, Rainer Beltzner had a discussion with a representative of the government just to explain the process that the board would follow around executive compensation.

The Chair (Mr. Norm Miller): And we are out of time, so if we move to the government and Mr. Moridi.

Mr. Reza Moridi: Thank you, Mr. Navas, for taking the time to appear before this committee.

Mr. Luis Navas: Thank you.

Mr. Reza Moridi: My understanding, Mr. Navas, is that you completed a business MBA course at Ivey school.

Mr. Luis Navas: That's correct.

Mr. Reza Moridi: Is this the place where you met Dr. Mazza?

Mr. Luis Navas: That is absolutely true, yes.

Mr. Reza Moridi: And is it fair to say that you got employed by Ornge through this connection?

Mr. Luis Navas: No. I was contacted by Rainer Beltzner about the board chair position. There's no doubt in my mind that one of the reasons I was contacted—it was probably twofold. One, Rainer Beltzner knew me from the work that I was doing on Bay Street around executive compensation in corporate governance, but also, I would imagine when my name came up that Dr. Mazza would have known my name right away in terms of being in his classroom for 18 months at Ivey.

Mr. Reza Moridi: Were you employed by Ornge Global under contract, or it was just permanent employment?

Mr. Luis Navas: Under contract.

Mr. Reza Moridi: For how long?

Mr. Luis Navas: It was just like any adviser. It was a month-to-month contract, so there was no term on it. But it ended up lasting for about 14 months.

0850

Mr. Reza Moridi: What was your title there?

Mr. Luis Navas: Again, I did not actually have a title. I don't understand why there is a CEO title on this letter that I've been given. I did not actually have a formal title. I worked—it was a very open-ended-type relationship, but really focusing on helping introduce business partnerships to Ornge outside of Ontario. I'm happy to speak to that, if anyone would like.

Mr. Reza Moridi: But you signed the letter as chief operating officer for Ornge Global?

Mr. Luis Navas: Right, but you won't find any—I can't speak to that, I'll be honest; I know it sounds terrible—but you will not find any corporate record that indicates that that title is true. There was no employment agreement; there were no statutory benefits—none whatsoever.

Mr. Reza Moridi: So do you think that this is the only letter you signed under this title?

Mr. Luis Navas: At this time, I don't know.

Mr. Reza Moridi: So there might be many more letters—

Mr. Luis Navas: There could be. I'll tell you right now: I've been following the testimony—

Mr. Reza Moridi: Please, let me just finish my question.

Mr. Luis Navas: Sure. Sorry.

Mr. Reza Moridi: Do you think that there might be many more letters you have signed under this title?

Mr. Luis Navas: I don't think so, because what you'll find is that I didn't actually have signing authority at Ornge.

Mr. Reza Moridi: But you have signed the letter?

Mr. Luis Navas: Sorry; that's just a framework in terms of a potential partnership. I had no legal signing authority at Ornge.

Mr. Reza Moridi: So do you think you have done illegal work here?

Mr. Luis Navas: No; that's not a legal document. That is just a framework in terms of a potential partnership arrangement. If you look at any corporate files at Ornge, anything that is a final legal document, you will not find any one of my signatures on it, because I was not a legal signing authority at the organization.

Mr. Reza Moridi: Thank you.

I understand that you had been hired at Ornge Global to design executive compensation for the executives—

Mr. Luis Navas: No, that's incorrect.

Mr. Reza Moridi: This is not correct?

Mr. Luis Navas: No.

Mr. Reza Moridi: So were you responsible for designing Dr. Mazza's compensation package?

Mr. Luis Navas: From 2006 to 2009, as a board member, I was involved in that process. That was the last time.

Mr. Reza Moridi: So did you have knowledge about how Dr. Mazza's compensation moved to \$1.4 million?

Mr. Luis Navas: No.

Mr. Reza Moridi: Do you think that there was any specific reason for this, or do you have any knowledge or information—

Mr. Luis Navas: I don't know. In all fairness, I think that's a question for the board. I honestly don't know.

Mr. Reza Moridi: Were you involved or were you aware of how Dr. Mazza's compensation moved from Ornge not-for-profit to Ornge for-profit?

Mr. Luis Navas: Just as I mentioned earlier, the only thing that I was last advised on was around the disclosure. Other than that, I don't know that process. I wasn't on the board at the time.

Mr. Reza Moridi: Did Dr. Mazza ask you to design compensation packages for the executives to avoid requirements from disclosure?

Mr. Luis Navas: No.

Mr. Reza Moridi: It has been reported, Mr. Navas, in the media that Dr. Mazza was trying to set up offices around the world, including Florida. Did you have anything to do with this decision?

Mr. Luis Navas: I had nothing to do with the decision, but I'm aware that those are not the facts. There was never a path to have an office in Florida. I believe the last thing I had heard after I left was that there was a partnership that was potentially going to be signed in Nashville, Tennessee.

Mr. Reza Moridi: Were you involved in the establishing of the office in Florida?

Mr. Luis Navas: No, again, there was no—from my understanding, it wasn't even an office. What you have to understand is, if Ornge Global wanted to grow outside of Ontario into new countries, most countries require, from an aviation perspective, that you have to have a local partner; a Canadian organization cannot own a majority stake in an aviation company in the United States, for example. They were having discussions. I don't know whether they ever closed on the deal or the partnership

arrangement with an organization in Nashville, Tennessee.

Mr. Reza Moridi: Were there any business cases for such a branching or opening up offices in, say, Florida?

Mr. Luis Navas: Yeah, so, it wasn't offices—this is a good question, because I really think the media has not followed this properly. It wasn't opening offices; it was expanding the Ornge portfolio of services outside of Ontario, and that could have included, frankly, British Columbia or Quebec.

In terms of the United States—any country outside of Canada that they would go into—I think they were doing the right thing in saying, "We don't know the US market as well as an American company, plus we have the aviation issues, so we need to have a partner in each country that we"—

Mr. Reza Moridi: Thank you very much.

Interjections.

The Chair (Mr. Norm Miller): Ms. Sandals.

Mrs. Liz Sandals: If we could go back to this letter, Mr. Navas: It's addressed to the CEO of something called the Cleveland Clinic, which is located in Florida.

Mr. Luis Navas: No, sorry. The headquarters are actually in Cleveland.

Mrs. Liz Sandals: Well, I'm sorry, the address that's on this letter is in Florida.

Mr. Luis Navas: Okay, fair enough. Yes.

Mrs. Liz Sandals: It's addressed to the CEO of whatever this thing is, okay? What do you think the CEO thought when he got a letter that has your signature on it, that says you are the chief operating officer?

Mr. Luis Navas: I would think he would think that.

Mrs. Liz Sandals: Regardless of what you think your contract said, you were signing as chief operating officer to external parties, so external parties believed you were the COO of Ornge Global.

Mr. Luis Navas: That's fair enough, yes.

Mrs. Liz Sandals: So why did you sign as COO if you were not the COO?

Mr. Luis Navas: I can only refer to the contract that I have. Again, it's public record. There is no employment contract.

Mrs. Liz Sandals: Yes, but the CEO of this corporation didn't get your contract.

Mr. Luis Navas: I would guess that—

Mrs. Liz Sandals: He got a letter that said you were COO.

Mr. Luis Navas: That's a fair question. It's a fair question. I would assume that it wouldn't be common practice, if you're an adviser to a company, to be signing it as "Adviser."

Mrs. Liz Sandals: So one just made up a title and said, "I'm the COO."

Now, what's really interesting about this letter, which was sent in November 2010, is that you are proposing that Ornge will provide "a dedicated rotary, jet and related land transport medicine system" in Florida in the third quarter of 2011, which is, coincidentally, about the time that the new helicopters and the new planes arrived

at Ornge Global, or at least at Ornge in Canada. Where were you going to get the helicopter and where were you going to get the jet to provide dedicated service in Florida?

Mr. Luis Navas: That was actually—again, anything going on in the not-for-profit side was completely separate from the for-profit, so—

Mrs. Liz Sandals: So you, over the signature “COO,” offered up a dedicated jet and a dedicated helicopter, and you had no idea where they were coming from?

Mr. Luis Navas: No, no; that’s not what I’m saying. I’m trying to explain to you that you’re insinuating that the organization was going to be using assets from the not-for-profit side. That’s not true whatsoever. If—

Mrs. Liz Sandals: Well, as we know—

Mr. Luis Navas: Well, I’m trying to explain it—

Mrs. Liz Sandals: The profit was holding all the helicopters for the non-profit.

Mr. Luis Navas: I’m trying to explain it to you. If you actually speak to Bernie, what you’ll actually find out is that there were already discussions in place to order a new helicopter from AgustaWestland, separate and through Ornge Global.

The other thing that’s important to realize is that Ornge not-for-profit—Ornge, period—did not actually have a jet. There were already discussions in terms of buying that also, again through the funds that were being raised through private investors.

Mrs. Liz Sandals: So the fact that this helicopter happens to show up exactly at the same time as the other helicopters is just pure coincidence?

Mr. Luis Navas: Absolutely, because what you need to understand—I think Mr. Potter was here last week—is when you actually make a purchase for a helicopter or have a commitment for a helicopter with a usage for an organization, you’re looking at about a two-year period to actually fill that. So even if you—

Mrs. Liz Sandals: That’s why I’m wondering why they show up at the same time. That’s exactly why I’m wondering that.

Mr. Luis Navas: It’s not the same time; 2010 to 2011 is one year, so you would actually need—and that’s not even a signed deal, by the way.

Mrs. Liz Sandals: But it says that the timing for implementation of Ornge providing a dedicated helicopter is the third quarter of 2011. If it wasn’t one of the helicopters that you had already ordered for Ontario—

Mr. Luis Navas: It was going through AgustaWestland.

Mrs. Liz Sandals: —how could you get a two-year—your words—lead order time, starting in November 2010?

Mr. Luis Navas: I’d have to read this again, but I highly doubt that that’s actually what it’s saying in terms of starting. The implementation process would start in that period, but then you have a long process to actually train the staff, set up the base, applications for licensing etc.

0900

The Chair (Mr. Norm Miller): You have one minute left.

Mr. Luis Navas: If you actually ask Ornge for this, you’ll actually find corporate records that show that there were already discussions initiated with AgustaWestland that if that contract or any other contract would go through, there would be new purchases of new helicopters purchased through Ornge Global for-profit with investor money.

Mrs. Liz Sandals: Could you clarify for us that you assumed that the government was approving the compensation and the new corporate structure simply because you saw a letter advising the government of the new corporate structure but with no reference to Dr. Mazza’s compensation? And because you saw a letter informing them, you therefore thought they approved? Is that—

Mr. Luis Navas: No, I never made any statement about compensation. I’m making a statement about approval of the strategy.

Mrs. Liz Sandals: No, you said you believed that the government had approved everything or supported everything.

Mr. Luis Navas: The strategy. I never said compensation.

Mrs. Liz Sandals: So why would you think that just because they got a letter, they were in support?

Mr. Luis Navas: I’m sorry, Ms. Sandals, but that’s not a letter; that’s about a 43-page detailed document.

Mrs. Liz Sandals: Yes, but the fact that—I receive all sorts of things—

The Chair (Mr. Norm Miller): You are out of time at this point.

Mrs. Liz Sandals: —it doesn’t mean I support them.

Mr. Frank Klees: Mr. Chair, if I may?

The Chair (Mr. Norm Miller): Yes, Mr. Klees.

Mr. Frank Klees: I ask for unanimous consent for an additional five minutes, if we could do that. There are just some things that we cannot allow to have Mr. Navas leave without clarifying. Is that agreed?

The Chair (Mr. Norm Miller): Is that five minutes per party?

Mr. Frank Klees: I would think so; right?

M^{me} France Gélinas: Right.

The Chair (Mr. Norm Miller): There’s been a request for unanimous consent for 15 more minutes. Is that agreed? Agreed.

Mr. Klees, it’s your turn.

M^{me} France Gélinas: Unless Liz wants to finish and go first. Liz, would you want to finish and go first?

Mr. Frank Klees: Do you want to go finish off?

Mrs. Liz Sandals: No, we can go around.

The Chair (Mr. Norm Miller): Okay. Go ahead, Mr. Klees.

Mr. Frank Klees: Mr. Navas, you came forward saying that, voluntarily, you wanted to clear your name and clear things up. I think you got yourself into some mess here. There are more contradictions—

Mr. Luis Navas: I’m just trying to help.

Mr. Frank Klees: There are more contradictions in your testimony here, quite frankly, than we've heard from anyone else. First of all, you said very clearly that you were not involved with the for-profit, that you did not hold a title. This letter is very clear. One of two things happened: Either someone else signed this or you grossly misrepresented your role to some very key players with whom Ornge was going to do business.

Mr. Luis Navas: No, not at all. Again, I would ask you to please look at any corporate record and find any employment agreement that actually refers to that.

Mr. Frank Klees: That is irrelevant. I'm sorry.

Mr. Luis Navas: I don't believe it is irrelevant, actually.

Mr. Frank Klees: I'm sorry, this is about what you, sir—

Mr. Luis Navas: An employment agreement is a legal document.

Mr. Frank Klees: Sir, this is about what you were representing in the business market out there. You would not, as an adviser in business, recommend that anyone do business this way.

You also said that there was no intention of establishing an office.

Mr. Luis Navas: To my knowledge, there was not.

Mr. Frank Klees: In this same letter—let me read to you from your letter, sir, that you signed: "Dr. Mazza and I will be in Miami November 11th to the 14th to finalize the details of our new Miami office and aviation base. If you are available, we would welcome the opportunity to discuss our proposal in person." Sir, this is your letter—your letter that clearly states you're going to open up an office, and you tell this committee under oath that there was no intention.

One final thing. You also said at the outset that you had no involvement with the marketing agreement.

Mr. Luis Navas: No, that's not what I said. I said I had no involvement with the marketing services contract, but I did have involvement with the AgustaWestland endorsement contract.

Mr. Frank Klees: I beg your pardon?

Mr. Luis Navas: Would you like me to say it again?

Mr. Frank Klees: What is the AgustaWestland endorsement contract?

Mr. Luis Navas: There are two contracts. I think—I can actually just address your first one before that?

Mr. Frank Klees: Well, actually, here's what I'd like to do. I'd like to, for the record—because, under oath, when Kelly Long was here, we specifically asked her about the Agusta marketing services agreement, of which we have a copy, by the way, and we know what it referred to—

Mr. Luis Navas: And whose signature is on—may I ask whose signature is on that?

Mr. Frank Klees: Well, I can tell you it's not yours. It is Maria Renzella.

Mr. Luis Navas: Thank you very much.

Mr. Frank Klees: However, whether your signature was on there or not, here is a fact: The agreement—

Mr. Luis Navas: Actually, just for my purposes, can I actually see that letter, please?

Mr. Frank Klees: Which letter are you referring to?

The Chair (Mr. Norm Miller): Excuse me, which letter—

Mr. Luis Navas: He's referring to a marketing services letter, and I'd just like to see it.

Mr. Frank Klees: No, I said the marketing services agreement. We have it on file; I don't have it here. The members of the committee have it.

Here's my question to you. My question to you is this: When Kelly Long was asked who she reported to, who was the lead on the project for the Agusta marketing services agreement, here's what she said: "Luis Navas, the former chief operating officer of Ornge Global." Interesting that she believed you were the chief operating officer of Ornge Global; apparently everyone else did except you. He was "the lead on that project. He was actually responsible for overseeing the agreement and the deliverables. When he suffered a medical condition and went on medical leave—I believe that was in September 2011; it would have been September or October ... I can't recall exactly the month—I was delegated, because I was reporting directly to him in a junior executive capacity, that I would oversee the final deliverables."

Sir, you were the lead on that marketing services agreement.

Mr. Luis Navas: That's incorrect. Can I answer that question?

The Chair (Mr. Norm Miller): Yes, please.

Mr. Luis Navas: Thank you very much. What I'd ask you to do, Mr. Klees, is to do your further research and find any documentation that has an official letter from Ornge relating to any marketing services agreement and see whose signature is on that. If you look at the marketing services agreement, you will not find my signature on that. I do not know why Ms. Kelly Long said that.

I also do know, in observing your testimony with her, that you also disagreed with her on a number of points. So unless you're now saying that you agree with everything she said, then I would argue with you that that is not true. I don't know why she said that, but it's absolutely true, sir, that I had provided advice on the Agusta-Westland endorsement contract, which maybe is what she is referring to, sir.

Mr. Frank Klees: No, I don't think so. Whose signature appears on an agreement is irrelevant to who has responsibility—

Mr. Luis Navas: Well, you've also just spent the last 20 minutes saying that it is relevant in terms of a signature that's on a letter to Cleveland Clinic. So now you're contradicting yourself.

Mr. Frank Klees: I can tell you what's relevant: Based on what I'm hearing this morning, I'm more inclined to believe Kelly Long than I am to believe you.

Mr. Luis Navas: Great.

The Chair (Mr. Norm Miller): And we'll move on to the NDP, please. France Gélinas.

M^{me} France Gélinas: All right, I will give you a few seconds to explain to us what the endorsement contract is.

Mr. Luis Navas: Sure. I think it's actually a very good amount of time spent for this committee.

To my knowledge, there were two contracts. I think this committee keeps referring to one contract for \$6.7 million. There were actually two contracts. One was what Mr. Klees is referring to, which is the marketing services contract, which I believe was for \$4.7 million. I very much encourage you, Mr. Klees, and anybody else here, to go through all public records and find out when—

M^{me} France Gélinas: You don't have to tell us what to do. I asked you a question.

Mr. Luis Navas: Okay. Okay. The marketing services contract was signed, negotiated and in place by Dr. Mazza and by Maria Renzella. There was a marketing group at Ornge that was in charge of writing, I guess, three or four reports.

When I got there, there was a gentleman in charge of marketing called Modya Silver. He was in charge of the marketing services agreement, in terms of producing consulting reports.

There was then in the summer of 2011—when I left, there was no signed contract, but I believe, from what I'm reading, that it did get signed. What that was was—

M^{me} France Gélinas: But I'm asking you about what the endorsement contract is—

Mr. Luis Navas: That's what I'm trying to get at now, the second—this is—

M^{me} France Gélinas: We already know about the marketing contract.

Mr. Luis Navas: So I'm referring now—when I left, it had not been signed yet, but they were working on an AgustaWestland endorsement contract.

In totality, what people need to understand is—I've heard people talk about these kickbacks or this and that. I can't comment in full to the original marketing services agreement because I was not there when it was done. But what people hopefully will understand is that the partnership or the agreements—the two agreements with AgustaWestland—were not about just these consulting reports. What it was was a global marketing partnership sales arrangement, endorsement arrangement, where the hope of AgustaWestland was that by leveraging the services or the experience of Ornge in using EMS helicopters, that as Ornge Global hopefully grew outside of Ontario, that Ornge would endorse the use of AgustaWestland products.

M^{me} France Gélinas: So how much was the endorsement contract for?

Mr. Luis Navas: It was \$2 million, I think, over four years. Again, I didn't see the final signed agreement—

M^{me} France Gélinas: But you're telling us that you were working under this agreement but it had not yet been signed.

Mr. Luis Navas: Correct.

0910

M^{me} France Gélinas: Yet you were retained—worked for—from 2010 to 2011 on an agreement that had not yet been signed?

Mr. Luis Navas: No, no. That was just one of the things I was doing. I was also helping in terms of making introductions, like the Cleveland Clinic example in terms of other potential partners outside of Ontario.

M^{me} France Gélinas: How much money did you make from the share that was offered to you from Ornge Global?

Mr. Luis Navas: Zero.

M^{me} France Gélinas: Do you still have any of those shares?

Mr. Luis Navas: When I left, I actually returned the vast majority. I think they're worthless anyway. I think I had 300 shares or something like that.

M^{me} France Gélinas: Why did you return them?

Mr. Luis Navas: I offered them back so that they could actually use them in terms of recruiting new talent for the venture.

M^{me} France Gélinas: Although they were worthless.

Mr. Luis Navas: Any warrant is worthless until there's actually value generated over time.

Mr. Jagmeet Singh: Were you involved with salary compensation and talks of salary compensation in 2010 for the board?

Mr. Luis Navas: No.

Mr. Jagmeet Singh: The Toronto Sun reports that, "In talks that involved Navas, a decision was made by the board to increase Mazza's salary and bonus to \$1.4 million in 2010." Do you agree with that?

Mr. Luis Navas: No, and also I think he makes a comment that he called me or contacted me for a statement. I've never been contacted by the Toronto Star.

The Chair (Mr. Norm Miller): You have one minute left.

Mr. Jagmeet Singh: So in terms of your salary compensation, the last time you had any involvement with that would have been in 2009?

Mr. Luis Navas: That's correct.

M^{me} France Gélinas: Aside from the framework for a partnership agreement, the words that you used to refer to your dealings with the Cleveland Clinic, were there similar dealings with other health providers in the States or other providers in the States?

Mr. Luis Navas: Yes. Again, as I mentioned—and I never actually got to answer Mr. Klees's point about Florida—the way I understood the question was, was there an office to be set up in south Florida? There were considerations of multiple—not offices but locations in which to have a presence, because you had to have that in order to have an aviation operation in the United States. Mr. Klees points to south Florida, but there were also considerations in California, in Cleveland, in other parts of the United States, in Buffalo. But when I left, the one that they were leaning towards was definitely not Florida, and that's what I'm trying to indicate. It was—

M^{me} France Gélinas: But in your letter, you said from “November 11th to the 14th” Mazza will be there with you “to finalize the details of our new Miami office and aviation base.” That certainly seems like you’re—

Mr. Luis Navas: Right, at that time. Agreed. At that time, that was to be a preferred location—

M^{me} France Gélinas: Did you look at office space down there?

Mr. Luis Navas: No, we looked at hangar space.

The Chair (Mr. Norm Miller): And we are out of time. We’ll move to the Liberals, please.

Mrs. Liz Sandals: I think, no questions, and move on to Mr. Blum. Could you tell us how you’re going to work the rotations for Mr. Blum, please?

The Chair (Mr. Norm Miller): I will as soon as I figure out how much time we have.

Thank you very much for appearing before the committee today.

Mr. Luis Navas: Thank you very much.

MR. JACOB BLUM

The Chair (Mr. Norm Miller): Mr. Jacob Blum is our next witness, if you could come forward, please. Good morning, Mr. Blum.

Mr. Jacob Blum: Good morning.

The Chair (Mr. Norm Miller): Thank you for coming in this morning.

Mr. Jacob Blum: My pleasure.

The Chair (Mr. Norm Miller): You’ve received the information for a witness coming before the committee?

Mr. Jacob Blum: Yes, I have.

The Chair (Mr. Norm Miller): Very well, and our clerk has an oath for you.

The Clerk of the Committee (Mr. William Short): Mr. Blum, if you could just raise your right hand, please. Do you solemnly affirm that the evidence you shall give to this committee touching the subject of the present inquiry shall be the truth, the whole truth and nothing but the truth?

Mr. Jacob Blum: I do.

The Clerk of the Committee (Mr. William Short): Thank you.

The Chair (Mr. Norm Miller): And if you want to take five minutes for an opening statement, then we’ll go to questions. We’ll have about 20 minutes per party for questions.

Mr. Jacob Blum: Thank you very much, Mr. Chair. Honourable members of the committee, it’s a pleasure to sit here before you today. Hopefully, I can shed some light and provide some information onto this matter. I have a short statement.

I have watched the committee’s work with interest. I have read the transcripts, watched the testimony on TV and noticed that some of the information brought to light did not square with my recollection of events, especially with respect to the subject of the Ministry of Finance’s interest in consolidating Ornge’s assets. Therefore, in the spirit of clarity and the fullness of information, I would

like to table to the committee my notes, my personal diary, on the consolidation matter, which I have affixed to an affidavit.

This is the document. The clerk, I believe, has made three copies, one for each party sitting.

The Chair (Mr. Norm Miller): Yes, and the clerk is making copies of that right now and we’ll have them for you shortly.

Mrs. Liz Sandals: We don’t have that already?

The Chair (Mr. Norm Miller): No, it’s being copied as we speak.

Mr. Jacob Blum: Shall I continue, Mr. Chairman?

The Chair (Mr. Norm Miller): Yes, please.

Mr. Jacob Blum: Okay, thank you. When I arrived at Ornge, or the Ontario air ambulance base hospital program, as it was then called, the system was siloed, fragmented, there was no unified systems design, and patient care was being jeopardized. There were some coroners’ reports; there was the Donner report. The program was housed at Sunnybrook Health Sciences Centre.

I think it’s important at this time that I make a clarification with respect to Fasken’s role in the evolution of Ornge. Fasken’s was Sunnybrook’s legal counsel at the time. Because we were a division of Sunnybrook hospital, we inherited Fasken’s as our legal counsel, so no one at Ornge—myself or anybody else—solicited Fasken’s as counsel; we just inherited them, and they evolved along with us.

I had met Dr. Mazza in 2002 when I started working at Sunnybrook. Dr. Mazza had the necessary personality to drive the breakthrough of inertia that the air ambulance program found itself in at that time. My role was to create a path to realize that unification.

From 2002 to 2008, I built a transition team primed for change and organizational redesign. Some of the key aspects of that included information technology, human capital and back-office functionality. However, the most critical area that had been neglected as a result of a fragmented system was operations. It became quickly apparent to me that what was needed was a world-class command-and-control centre.

The single biggest challenge was staffing operations. It’s important for me to make note that there is a distinction between medical operations and organizational operations. What I’m referring to here in my five minutes is organizational operations, not medical operations. Having said that, the delineation between these two buckets was never truly made at Ornge, and as such, it served as a significant impediment in creating a performance-based organization as opposed to a reporting-based organization.

Therein a culture started to emerge where it became burdensome to challenge the medical operations from the non-medical. Organizational ops. was not understood and therefore did not become a priority. I had hired the executive team and helped build the board of directors. I believed in the executives, but in many ways they were not up to the job of the mandate for organizational change. Quite often, people say that this is a case study in

public policy, governance, transparency and ethics; I would like to think that it's at a more fundamental level. This is a case study of the human condition, where good people found themselves in situations and, if I can paraphrase, took a bite of the fruit of greed. Once that bite was taken, they crossed a Rubicon that I don't think they could come back from.

Their fork in the road emerged, and it ultimately became apparent that developing command-and-control operations was put on the back burner. What ended up happening was a desire to become an aviation company—what I cheekily call “boys with toys.” That fork in the road resulted in the strategy being changed, where management could not keep up with the pace of the original mandate and began to deviate from it. At that point, it became apparent that I had to leave. To be sure, it was a great disappointment that I left because I was severely dedicated to changing Ornge as it was meant to be.

0920

There were some successes, however. A transition team was established to build a modern command-and-control centre. There are some building blocks that still remain in Ornge as a result of that work. To this end, the board can rest assured that there is a good and solid foundation to move forward towards operational excellence as opposed to operational reporting.

Information technology was going to be the backbone of the operational excellence. What we had designed was a service-oriented architecture with dispatch as a core element, and it was through dispatch which is how you could get the performance reporting. To this end, the Auditor General's report clearly demonstrated that there were serious flaws in the communication centre and that the organization and operations were not a focus. An interim solution became the standard, and operational excellence ceased to be the priority.

The front-line staff in the original core mandate of Ornge believed that this was the right direction to go in. Not only did management fail to deliver to the front-line staff the mandate that we had been given, but the 2012 AG report demonstrates that the situation actually worsened.

The operational objective was to have a digital command-and-control centre where core management systems were integrated and all manner of calls could seamlessly be processed. However, the implementation was put on hold and, as I mentioned, the system of Optimus still remains to this day. Optimus was never designed to be a real-time engine and/or a systems architecture. It was only able to report admin reports that could be overridden after the fact, providing static reports on the number of flights.

To address this antiquated system, I had brought in experts to assess and report to management what was needed. The report stated to management that there was a risk in implementing Optimus as opposed to deploying a long-term GIS system, geographical information system. Nevertheless, what I call a “black swan” management decision was made to go ahead with the interim solution.

The Chair (Mr. Norm Miller): Mr. Blum, are you almost done your—

Mr. Jacob Blum: Almost done.

The Chair (Mr. Norm Miller): Okay.

Mr. Jacob Blum: I'll skip ahead and just come to my conclusion for the sake of time.

Ornge's core mandate was simple: Provide world-class transport medicine and patient safety to the residents of Ontario. In conclusion, as a citizen of Ontario reliant on the health care system, Ornge was never meant to be an aviation company. I use the analogy that I would not want my doctor flying me to Florida, and I would not want a pilot in an emergency room when I walked in with a serious illness.

To that end I'll conclude, and I'll allow the committee to ask its questions.

The Chair (Mr. Norm Miller): Thank you for that statement. We'll go to the NDP first. Ms. Gélinas?

M^{me} France Gélinas: Thank you. You were there when the transition was made. I take it that you know that the initial performance agreement has been under quite a bit of discussion. In your view—have you ever read the initial agreement that was signed by the ministry that—

Mr. Jacob Blum: I was the lead negotiator for the performance agreement. I negotiated it. Lynne Golding sat to my right as legal counsel. So I am intimately familiar with the original performance agreement.

M^{me} France Gélinas: I kind of knew that. Thank you. Do you feel that there was sufficient oversight in that original agreement for the ministry to follow what was going on at Ornge?

Mr. Jacob Blum: Yes, I do. Other presenters, I believe, have also commented on the number of clauses and levers within that performance agreement, and I would echo the same. I think the most important lever was a non-appropriation clause that, if the government felt that Ornge was not living up to its obligations in the agreement, they just simply had to turn off the funding.

M^{me} France Gélinas: During the time that you were at Ornge, did the ministry ever make use of the agreement?

Mr. Jacob Blum: There were many reporting aspects of the agreement: a balanced scorecard, quality management assurance, and I would meet regularly, every Friday afternoon, with the ministry emergency health services branch and we would address any operational and/or other issues that the government may have had. So on a weekly basis, I was in constant contact with the emergency health services branch.

M^{me} France Gélinas: So during your time at Ornge, do you know if the ministry ever made changes to the agreement?

Mr. Jacob Blum: The agreement was amended around 2007 to incorporate a new service that Ornge was bringing online, which was called critical care land ambulance service.

M^{me} France Gélinas: And that was done within the confines of the original agreement?

Mr. Jacob Blum: That is correct. That was negotiated, again, by myself with some operations people at Ornge, with legal counsel on both sides of the table.

M^{me} France Gélinas: Thank you. And as far as the fact that Ornge was incorporated under the federal government, when you did the original agreement, was that ever brought into account as something that could impede the government? Did they ever say, “No, we would prefer you incorporate under provincial laws, rather than federal laws”?

Mr. Jacob Blum: Absolutely not, and the discussion on that matter was simply for expediency of incorporation, to meet deadlines.

M^{me} France Gélinas: So it had nothing to do with wanting to—

Mr. Jacob Blum: No.

M^{me} France Gélinas: So the ministry knew about it. They never raised an eyebrow. Everything was good with you incorporating federally.

Mr. Jacob Blum: That is correct. The ministry lead counsel was familiar with it. There were no hidden agendas and, again I state, the only reason why there was a federal incorporation was simply for expediency.

M^{me} France Gélinas: This close relationship, your Friday afternoon meetings with the ministry, I guess, allowed the ministry to have a pretty good oversight of what was going on at Ornge and Ornge to inform the ministry, or was there a specific agenda aside from this for those meetings?

Mr. Jacob Blum: It depended upon the time of year. If we were in the results-based planning process, we would discuss the necessary information Ornge would have to provide to the branch in order for the branch to incorporate that into their reports that would subsequently go up the chain. But there were, again, more informative, casual discussions. It was a sound relationship. It was a trusted adviser-based relationship. So if there were any concerns on the ministry’s behalf, they would have felt free to express them, they would be addressed, and if there were any concerns on Ornge’s behalf with the ministry, the same would be true.

M^{me} France Gélinas: What was your salary at Ornge?

Mr. Jacob Blum: When I first started, it was \$80,000 per year and then it was \$190,000 when I resigned from Ornge. That \$190,000 was a base salary. Included in that was a bonus predicated on performance metrics, if I achieved them—threshold, target, superior—and I think it constituted 30% of your base salary.

M^{me} France Gélinas: So of the \$190,000, 30% came from—

Mr. Jacob Blum: You had \$190,000 base and then the performance could exceed no more than 30% of your base salary, so depending upon how well you performed, if you met only your targets, then you could only get 15%. If you exceeded and met your stretch targets, you might get 25% of your base.

M^{me} France Gélinas: And was this compensation package standard within Ornge, that people would get a

base salary plus up to a 30% bonus based on performance?

Mr. Jacob Blum: We had originally rolled it out to the executive team, and then in subsequent years rolled it out to the directors and to managers. To the best of my knowledge, after I left they may have rolled it out to the rest of the staff. But it was a compensation structure that was primarily designed for the executives.

0930

M^{me} France Gélinas: Okay. Remind me again: What day did you leave Ornge?

Mr. Jacob Blum: July 17, 2008.

M^{me} France Gélinas: In 2008. The time you were there, did you ever have any freedom of access of information directed at Ornge?

Mr. Jacob Blum: None that I was aware of, no.

M^{me} France Gélinas: You probably know, following the media, that the NDP have filed freedom of access of information regarding salaries. Given your close relationship to the ministry, had a freedom of access of information come to the ministry during your tenure, would they have talked to you about this?

Mr. Jacob Blum: Absolutely.

M^{me} France Gélinas: They would have, eh? Do you know if the ongoing meetings that you had with the ministry—do you know if this is something that Ornge would have continued or that the ministry would have wanted to continue after you left?

Mr. Jacob Blum: In terms of the dialogue and the meetings and the relationship?

M^{me} France Gélinas: Correct.

Mr. Jacob Blum: Yes, I believe it was a fruitful relationship, and not to give myself undue flattery, but the government had said—I’ll back up for a second. There was a six-month period where I went back and forth as to whether I was going to leave, and the government had always said, “We sleep at night knowing that you’re there.” So I felt the responsibility to the government. I had negotiated the performance agreement. I had put my reputation on the line. So I felt a higher duty, if you will, to deliver to the government what they expected, and not only what they expected, but exceed what they expected.

M^{me} France Gélinas: You made it clear that you didn’t think that Ontario air ambulance needed a speedboat; you made that perfectly clear. We all know about your little trip to Guelph and—

Mr. Jacob Blum: Right.

M^{me} France Gélinas: —the climbing over the fence and having a good look at this thing. Did you ever mention that to the people at the ministry, that Ornge had purchased a speedboat?

Mr. Jacob Blum: The question was asked to me on July 17, 2008, just after I had signed my departure agreement from Ornge. I met with, then, one Ruth Hawkins at 5700 Yonge St., where the emergency health services branch is located. She looked at me and she said, “Jacob, I’ve learned about a speedboat and lakefront property.” I looked at her and I said, “Ruth, you have the contractual,

legislative and regulatory levers to find out anything you want to find out about Ornge. I suggest that you don't rely on hearsay or third party information but exercise your levers to get to the truth."

M^{me} France Gélinas: And that meeting took place at 1700 Yonge?

Mr. Jacob Blum: Sorry, 5700 Yonge St.

M^{me} France Gélinas: At 5700 Yonge, and do you remember how long that meeting lasted?

Mr. Jacob Blum: It was over coffee. It was about 30 minutes. Ms. Hawkins stated that if this information was in fact true, she was very disappointed about it. It was an open conversation.

M^{me} France Gélinas: Did you know the value of the boat at the time?

Mr. Jacob Blum: It was approximately \$43,000.

M^{me} France Gélinas: Did you share that information with the people at the Ministry of Health?

Mr. Jacob Blum: In a roundabout way, yes, I did. I'm confident that when we separated from our meeting, she understood very clearly what my concerns were and that her questions had been validated.

M^{me} France Gélinas: Thank you. My colleague has a few questions, but I may come back.

Mr. Jagmeet Singh: So, just to make it very, very clear, you left because you were unhappy with what was going on. Could you make it very clear what you were unhappy with?

Mr. Jacob Blum: In late 2007, there was a direction Ornge started to go in that I was not comfortable with. I was of two minds, where I was quite torn. I felt that if I left, then I was somehow abdicating my responsibilities to the ministry and to the citizens of Ontario, and if I stayed, then I would become party to something that I did not agree to. So, knowing that the ministry had put this onus on me, I felt that I would stay in so long as I could have influence at the executive table and perhaps try to curtail some of these issues. When it became apparent to me that I had lost the influence that I had once had at the executive table and that I could no longer change the direction that Ornge was going in, for ethical reasons, I had to leave.

Mr. Jagmeet Singh: What was the direction that Ornge was headed that you were not approving of?

Mr. Jacob Blum: Becoming an aviation company, and, in addition to that, there were certain programs, there were certain things that were basically, in short, moving away from our core mandate.

Mr. Jagmeet Singh: And if you could just be specific with some of those things?

Mr. Jacob Blum: The purchase of the boat.

Mr. Jagmeet Singh: Yes?

Mr. Jacob Blum: And I would say principally the aviation component and, you know, there was—it had just become no longer about the core mandate as we had stated to the government to which we were given.

Mr. Jagmeet Singh: Now, once the direction was moving away from the core mandate, which the government was aware of, what the core mandate was, was this

a red flag in your mind, and should this have been a red flag in the minds of those in the ministry, that there was something seriously amiss at Ornge?

Mr. Jacob Blum: Absolutely.

Mr. Jagmeet Singh: And what, in your mind, should the ministry have done to fulfill its duty to oversee Ornge properly?

Mr. Jacob Blum: It was my understanding that—Dr. Mazza had told me that in the fall of 2008, he, along with Rainer Beltzner, met with Ruth Hawkins, and Ruth Hawkins had raised her concerns, and that they had addressed them to the point where Ruth was satisfied there was no need to probe any further.

Mr. Jagmeet Singh: What were the concerns that Ruth Hawkins advised, or were you aware of what those concerns were?

Mr. Jacob Blum: I was not present at that meeting, so I can't speak to what she may or may not have said. I can only state to what the concern she had expressed to me.

Mr. Jagmeet Singh: Salary compensation has been an issue. In your mind, did the ministry use its resources in terms of getting to the bottom of salary disclosure efficiently, properly, and should they have done more?

Mr. Jacob Blum: No, no, and yes.

Mr. Jagmeet Singh: Okay. Why yes to the last one?

Mr. Jacob Blum: Yes, because you asked if they should have done more. There were three questions there.

M^{me} France Gélinas: What more would you suggest they should have done?

Mr. Jacob Blum: Exercised their contractual obligations within the original performance agreement. I'm not the ministry. They have their protocols and procedures to which they have to work within their confines. Quite often, they have to send it up the line, if you will. How procedurally they would have done, I'm not exactly sure.

M^{me} France Gélinas: So, being one of the negotiators of the original agreement, you felt that the original agreement gave them the power to request salary disclosures if they so wished?

Mr. Jacob Blum: Absolutely. No doubt in my mind.

M^{me} France Gélinas: No doubt in your mind.

Mr. Jacob Blum: No. It's very clear that the ministry had the ability to go in to Ornge and audit, check files, within any aspects which Ornge had control over, whether that be what is called the left side of the organizational structure and/or the right side of the organizational structure.

Mr. Jagmeet Singh: In terms of being a red flag, how serious of a red flag was it when Ornge took that direction towards becoming an aviation company, or towards aviation, and its interest was aviation? How serious was that as a red flag to show that there was something that the ministry should have known about, that there was something they should have at least gone into more depth on? In layman's terms, why was that such a big issue?

Mr. Jacob Blum: First, it was a deviation from the core mandate. Second, from a policy standpoint, an operational standpoint, Ornge did not have the core com-

petencies to become an aviation company. That was better left to the third party aviators who do this for a living day in and day out.

Mr. Jagmeet Singh: Now, is there any argument—if you could just speak to this. Is there any argument to be made that Ornge could have provided better patient care, or quicker care, if it had gone down this path successfully, in terms of the aviation?

0940

Mr. Jacob Blum: To my understanding, the primary driver, 80% of the driver, towards bringing aviation in-house was cost-driven, but the analysis and comparative analysis were highly subjective.

Mr. Jagmeet Singh: Okay.

M^{me} France Gélinas: So are you saying that Dr. Mazza made the decision to bring the aviation in-house rather than continuing the purchase of service he had done before because financial analysis had shown that it would be cheaper?

Mr. Jacob Blum: Yes, that would be my understanding.

M^{me} France Gélinas: But you had doubts about this data?

Mr. Jacob Blum: Yes, I did.

M^{me} France Gélinas: And did you share those doubts?

Mr. Jacob Blum: Yes, I did.

M^{me} France Gélinas: And did anybody listen?

Mr. Jacob Blum: No.

Mr. Jagmeet Singh: You indicated before that this was an example of what greed can do to good people, and that greed was essentially the turning point. Can you explain that in more detail?

Mr. Jacob Blum: I'm sorry, could you maybe rephrase the question?

Mr. Jagmeet Singh: You had indicated that the Ornge debacle, I guess, is an example of how greed can turn good people down a wrong path. Can you explain that in more detail, and how that led to the fall of Ornge?

Mr. Jacob Blum: I think what I said kind of speaks for itself. To expand on that would require me to put myself in the minds of the individuals in question, and I don't think that would be appropriate. I used it only as an analogy, and I don't think an expansion on that would serve any purpose.

The Chair (Mr. Norm Miller): You have two minutes left.

Mr. Jagmeet Singh: Fair enough. In terms of your opinion on—it's come to light now—or when did it come to your attention that Dr. Mazza was making the \$1.4-million compensation?

Mr. Jacob Blum: When I read it in the newspaper.

Mr. Jagmeet Singh: Your opinion in terms of that compensation?

Mr. Jacob Blum: Speechless.

Mr. Jagmeet Singh: You were once described as Dr. Mazza's right-hand man. Why was that, and when did that change?

Mr. Jacob Blum: Why was that?

Mr. Jagmeet Singh: Yes.

Mr. Jacob Blum: I guess you would have to ask him why he felt comfortable giving me the authority and the latitude to build the organization the way in which I felt it needed to be built in conjunction with the Ministry of Health and the standards which they expected. From January 2008 until July 2, that influence or trusted-adviser status which I enjoyed quickly became diluted and Dr. Mazza started listening to other individuals, as opposed to me.

Mr. Jagmeet Singh: Did anything prevent the Ministry of Health from continuing its Friday meetings, if not with you, when you were no longer there, then with any other individual from Ornge?

Mr. Jacob Blum: Not that I am aware of. The relationship I had with the ministry, I think, was based on a solid foundation of trust. I never let them find out about anything prior to me telling them. They were fully informed of all things. We worked quite collaboratively to deal with any issues that may have arisen—stakeholder, for example. So whoever replaced me, how that relationship evolved or what it constituted, I can't say.

M^{me} France Gélinas: Did you ever talk about salary disclosure with the ministry?

The Chair (Mr. Norm Miller): Sorry, we're out of time. If we can move to the Liberals, please. Ms. Sandals.

Mrs. Liz Sandals: Yes, thank you very much—

M^{me} France Gélinas: Could he just finish? Just salary disclosure: Did you ever talk about salary disclosure with the ministry, that has to do with the sunshine list?

Mr. Jacob Blum: To the best of my knowledge, the ministry never raised that issue with me.

The Chair (Mr. Norm Miller): Thank you. On to the Liberals: Ms. Sandals.

Mrs. Liz Sandals: Yes, thank you very much. Mr. Blum, are you now or have you ever been a member of the Ontario PC Party or the Conservative Party of Canada?

Mr. Jacob Blum: If I recall correctly, when I was in university, I believe I was a member of the club in the university, but I don't believe I'm a card-carrying member of the Progressive Conservative Party, federally and/or provincially.

Mrs. Liz Sandals: So you've never worked as political staff for the PC Party?

Mr. Jacob Blum: No.

Mrs. Liz Sandals: You've never worked on a campaign for the PC Party?

Mr. Jacob Blum: I have run political campaigns for the PC Party.

Mrs. Liz Sandals: So, in fact, you might not be a member of the party, but you've actually run election campaigns for the party?

Mr. Jacob Blum: My decision to run an election campaign was largely predicated on the candidate and not so much the party.

Mrs. Liz Sandals: I see. So have you ever contributed to the PC Party?

Mr. Jacob Blum: Yes, I have made donations to the Progressive Conservative Party, in addition to the Liberal Party.

Mrs. Liz Sandals: I see. Okay. Thank you.

Do you know Tony Clement?

Mr. Jacob Blum: No, I do not know Tony Clement.

Mrs. Liz Sandals: You've never ever met Tony Clement?

Mr. Jacob Blum: I may have, at a function, shaken his hand, but I don't know, if he saw me on the street, whether he would be able to put a name to a face.

Mrs. Liz Sandals: Okay. Despite the fact that you worked on the air ambulance program during the time that he was the minister in charge and the discussions began, and you were right-hand man, you never met Mr. Clement?

Mr. Jacob Blum: No, Dan Newman, his parliamentary assistant, was responsible for all ambulance services in the province, and it was Dan Newman's office which I was working through. It was not Mr. Clement.

Mrs. Liz Sandals: Okay. That's very helpful. Thank you very much.

You mentioned that you know Lynne Golding.

Mr. Jacob Blum: That is correct.

Mrs. Liz Sandals: When did you first meet Lynne Golding?

Mr. Jacob Blum: I first met Lynne Golding in 2002.

Mrs. Liz Sandals: In 2002. How did that come to happen?

Mr. Jacob Blum: Through her capacity as legal counsel to Sunnybrook—then it was Sunnybrook and Women's College hospital; today it's Sunnybrook Health Sciences Centre.

Mrs. Liz Sandals: Okay. Have you ever met Guy Giorno?

Mr. Jacob Blum: Yes, I have.

Mrs. Liz Sandals: And how did you come to meet Guy Giorno?

Mr. Jacob Blum: In the same capacity in which I met Lynne Golding.

Mrs. Liz Sandals: As counsel to the air ambulance program?

Mr. Jacob Blum: That is correct. I had met Guy Giorno back in the 1990s, but it would only be in passing. Again, it would have been an introduction at a function, and whether he would remember who I was until 2002 I doubt very much.

Mrs. Liz Sandals: And Kelly Mitchell: Have you ever met Kelly Mitchell?

Mr. Jacob Blum: Yes, I have.

Mrs. Liz Sandals: And how do you know Kelly Mitchell?

Mr. Jacob Blum: Again, I met Kelly Mitchell through a function and quite liked him—he's an affable gentleman—so I deliberately stayed in touch with Kelly Mitchell.

Mrs. Liz Sandals: And did you have anything to do, then, with Kelly Mitchell receiving multiple contracts from Ornge to do work for Ornge?

Mr. Jacob Blum: Yes. I was the individual who brought Kelly Mitchell in as a consultant to Ornge. I will say that my professional mantra on that is: It's only nepotism if they're incompetent.

Mrs. Liz Sandals: It's only nepotism if they're incompetent.

Mr. Jacob Blum: In other words, if I know people who have good professional credentials, I have no problem bringing them in, and if their competency can address my problem, then there's a trust there. Then I feel comfortable hiring them.

Mrs. Liz Sandals: And what particular competencies did Mr. Mitchell use to address your problems? Maybe more to the point, what problems did you ask him to address?

Mr. Jacob Blum: Well, I think "problems" is probably an inaccurate characterization. Mr. Mitchell is very familiar with northern Ontario; that's where he comes from. The bulk of our flights within Ornge are in northwestern Ontario. Mr. Mitchell provided valuable insight as to how to deal with stakeholders in northwestern Ontario.

Mrs. Liz Sandals: Okay, thank you.

So, according to the CV which you have provided us, you began work in April 2002 as the vice-president of corporate affairs of the Ontario air ambulance base hospital program at Sunnybrook. Who would you have reported to in that position?

Mr. Jacob Blum: Dr. Mazza. Just for clarification, I think for the first month or so, I was without title and then was given that title. I came in. I developed the strategy. That strategy was approved at a high level, and then I was given the title. All of my titles really represent where we were in the evolution of Ornge. To answer your question: Dr. Mazza.

0950

Mrs. Liz Sandals: Okay. So when you were hired, it appears that your previous experience is a consultant. What was it that—why were you hired? Why did Dr. Mazza hire you?

Mr. Jacob Blum: We were introduced via a headhunter. It was my ability to understand organizational transformation, business processes and integrate different departments within an organization, and the ability to do business modelling, in addition to my public policy understanding. So I would say that there were a number of competencies that blended together.

Mrs. Liz Sandals: Okay. From what I understand you to say, then, you were explicitly hired by Dr. Mazza to do to the strategic work to create Ornge. Is that correct?

Mr. Jacob Blum: That is correct. There were one or two other individuals whom I met before he made the final decision to hire me, so he wanted feedback from other individuals.

Mrs. Liz Sandals: Okay. But that was the purpose of your hiring.

Mr. Jacob Blum: Correct.

Mrs. Liz Sandals: You might have been the vice-president of corporate affairs for the air ambulance

program at Sunnybrook, but you really weren't there to manage the service at Sunnybrook; you were there to create Ornge.

Mr. Jacob Blum: At that time, we were a division of Sunnybrook. There was back-office functionality which required interfacing—

Mrs. Liz Sandals: But your primary role was to create Ornge. That was the purpose of the hire.

Mr. Jacob Blum: Yes; that is correct.

Mrs. Liz Sandals: You talk about moving forward to create the performance agreement, but presumably before you moved to creating a performance agreement, you had to get some political buy-in. How did you go about getting political buy-in from Minister Clement?

Mr. Jacob Blum: I take the approach that you get bureaucratic buy-in, if we want to use that language, by understanding what the bureaucrat's mandate is. So I worked—

Mrs. Liz Sandals: So you got bureaucratic buy-in.

Mr. Jacob Blum: Correct.

Mrs. Liz Sandals: How did yourself and Dr. Mazza move to engaging Minister Clement? You said that there was a parliamentary assistant, but I've been a parliamentary assistant. Parliamentary assistants don't unilaterally sign off. So how did you get Mr. Clement's attention to buy into this? Because we've been previously informed that it was Minister Clement who originally bought in. How did you get that buy-in?

Mr. Jacob Blum: I worked through Mr. Dan Newman's chief of staff, and I believe it was Mr. Newman who had made the proposal to Mr. Clement. So he served as the broker, if you will. I never met Mr. Clement in a meeting as a stakeholder.

Mrs. Liz Sandals: Okay. Let's talk about the performance agreement, which you say you were the lead on developing. You've given us some of the performance agreement, but the interesting thing about the performance agreement is that the only action the government can take is to totally cancel the agreement. Once you've moved all the air ambulance services to Ornge, and that's the only air ambulance capacity in Ontario, how could the government in good conscience shut it down if that's the only remedy in the agreement?

Mr. Jacob Blum: A number of clauses were in the performance agreement—and I'll paraphrase—that stated that, should the government make that decision, then Ornge had an obligation to work with the government in order to transition it to whatever direction the government wanted to go in. So if, for example, the government wanted to bring it back in-house, then Ornge was obligated by the performance agreement to work with the government in aiding them in doing that.

Mrs. Liz Sandals: The performance agreement, which you negotiated for the corporation which you moved to, said that the only remedy was that you could work with the government to undo the performance agreement and move the air ambulance service someplace else. There was no "withdraw a bit of the funding";

no supervision. It just said, "Oh, well. Shut us down." That was the performance.

Mr. Jacob Blum: No, I think that's probably not the way to describe it. There were a number of schedules to the performance agreement whereby, if the ministry felt there was something wrong, there would be cure periods. For example, the ministry would notify Ornge that, "X is wrong; you have 30 days to correct it." Ornge would then have to demonstrate that it corrected it. To shut it down wholesale was the last result. There were many clauses and opportunities for the government to say, "You have 30 days, 90 days or 120 days to correct a specific problem and then demonstrate that problem was corrected." To—

Mrs. Liz Sandals: That's in the new performance agreement.

Mr. Jacob Blum: That's in the old performance—

Mrs. Liz Sandals: It's not in the material you've tabled here.

Mr. Jacob Blum: It is. It is.

Mrs. Liz Sandals: I'm going to turn questioning over to Mr. Zimmer, please.

Mr. Jacob Blum: It is in the original performance agreement schedules.

Mrs. Liz Sandals: Not in what you told us today.

The Chair (Mr. Norm Miller): Mr. Zimmer?

Mr. David Zimmer: How much time?

The Chair (Mr. Norm Miller): You have—let's see—about nine minutes.

Mr. David Zimmer: Thank you. I gather you would describe yourself as probably the person with the most knowledge of the performance agreement at Ornge.

Mr. Jacob Blum: I have a knowledge of the performance agreement from an operational standpoint. In terms of its technical legality, I relied on my right hand, who was Lynne Golding.

Mr. David Zimmer: All right. And were you the principal person at Ornge to keep an oversight on the performance agreement?

Mr. Jacob Blum: At Ornge, there were divisions—quality management, operations—so aspects of the performance agreement were parcelled out into the respective departments that would have responsibility to fulfill those provisions of the performance agreement. Ultimately, me being the conduit to the government, if there was an issue within a department about the performance agreement, it would come to me and I would go to the government, or the government would come to me and I would go to the department.

Mr. David Zimmer: So you had the broad oversight of the performance agreement, right?

Mr. Jacob Blum: That's an accurate statement.

Mr. David Zimmer: I want to ask about the sequence of the performance agreement. I gather you negotiated that, and when the performance agreement was negotiated by you, Ms. Golding and others, subsequent to that, you then joined Ornge. Is that right?

Mr. Jacob Blum: I'm sorry, could you repeat that?

Mr. David Zimmer: The sequence is, the performance agreement was negotiated with you at the table, Ms. Golding from Fasken at your side and other technical people. Subsequent to that agreement being in place formally, you joined Ornge?

Mr. Jacob Blum: That is correct.

Mr. David Zimmer: When was the performance agreement in place signed off on?

Mr. Jacob Blum: I believe its effective date was—you'll have to forgive me—2006. But the creation of it was an evolution of many dialogues and meetings, and then the final negotiation of it.

Mr. David Zimmer: So the agreement was in place in 2006?

Mr. Jacob Blum: Approximately, yes.

Mr. David Zimmer: When did you join Ornge?

Mr. Jacob Blum: In 2002.

Mr. David Zimmer: No, that's when you joined OAA. When did you join the entity Ornge?

Mr. Jacob Blum: There were many evolutions of Ornge. First, we were a division of Sunnybrook hospital.

Mr. David Zimmer: When did your cheques come from Ornge, your paycheques?

Mr. Jacob Blum: In 2005, and that would have been the Ontario Air Ambulance Services Co.

Mr. David Zimmer: So just at the time the performance agreement was being negotiated and finalized by you and Ms. Golding at Fasken, that's the same time that you moved over to the Ornge entity. Is that correct?

Mr. Jacob Blum: I moved over to the Ornge entity approximately mid-2006, 2007.

Mr. David Zimmer: And that's at the time in the sequence that the performance agreement was finally negotiated by you?

Mr. Jacob Blum: Let's take it back six months. The performance agreement was negotiated with a legal entity called Ontario Air Ambulance Services Co.

Mr. David Zimmer: The point is, within months of the agreement coming to fruition, you joined the Ornge entity formally.

Mr. Jacob Blum: It was a benign evolution, but to answer your question, yes. Sure.

1000

Mr. David Zimmer: All right. What do you think of the propriety, or the optics, of you being the chief negotiator for the performance agreement and, at that point in time, when the performance agreement is signed off by all parties, you then joining Ornge and taking on the principal responsibility of overseeing the performance agreement?

Mr. Jacob Blum: I believe the question, with all due respect, skews the reality of how it all evolved.

Mr. David Zimmer: The reality is, you were at the negotiating table for the performance agreement.

Mr. Jacob Blum: Amongst many other things, yes.

Mr. David Zimmer: The performance agreement was finalized, and in that same time frame, you then joined Ornge—I'm referring to your evidence. You then had the

principal, general oversight responsibility for keeping an eye on the performance agreement.

Mr. Jacob Blum: Amongst many other responsibilities which I held, which, once the performance agreement was signed, gave us the authority to start integrating all the back-office functionality.

Mr. David Zimmer: Look, let me cut to the quick here. It strikes me as odd, to say the least, that a person would sit down with an organization and negotiate a performance agreement on something as serious and complex as this, which in this case is to hold Ornge responsible for various things, and then immediately join the organization to enforce the agreement that in effect you just negotiated. Does that look odd to you?

Mr. Jacob Blum: With all due respect, I believe your question is quite narrow. The performance agreement was one step in a sequence of steps that was required to fill the public policy mandate, as cabinet wanted it to be. To single out the performance agreement and take it out of that sequential evolution and make that a question, I think, is wrong.

Mr. David Zimmer: In your judgment—

The Chair (Mr. Norm Miller): You have two minutes.

Mr. David Zimmer: Thank you. In your judgment, was the performance agreement a weak document that needed to be fixed later on?

Mr. Jacob Blum: The beauty of the performance agreement is, it provided for latitude for both parties to amend it as Ornge evolved, as Ornge may have taken on additional services or as the government may have made policy decisions.

Mr. David Zimmer: And that's a term that you negotiated on an agreement that you were going to administer?

Mr. Jacob Blum: I'm sorry?

Mr. David Zimmer: That's a term that you negotiated on an agreement that you were going to administer.

Mr. Jacob Blum: Among many other responsibilities I had in the organization. That was just one—

Mr. David Zimmer: When you left Ornge, were you fired or did you resign?

Mr. Jacob Blum: It was, to be quite candid with you, fuzzy. I resigned, but Ornge did not want me to resign. I believe, and I am only surmising, they were concerned about the optics of me leaving, with respect to the government, and so what we agreed upon was that I was going to take a sabbatical. It was a one-year sabbatical, at which time—

Mr. David Zimmer: So let me cut to the quick here. Were you fired?

Mr. Jacob Blum: No.

Mr. David Zimmer: Would you say you were fired, or you resigned?

Mr. Jacob Blum: I resigned.

Mr. David Zimmer: Thank you.

The Chair (Mr. Norm Miller): Thank you. We'll move on to Mr. Klees.

Mr. Frank Klees: Thank you. Mr. Blum, I'd like to touch on three specific areas with you. First of all, seeing as we've just been talking about the performance agreement, I'll start with that. You made it very clear that you were the chief negotiator, on behalf of Ornge, of the terms of that performance agreement. You, in response to questioning from Ms. Sandals, said very specifically that there were a number of provisions within the performance agreement that would have allowed the Ministry of Health to step in, to take certain actions; that there were some specific time frames—30 days, 60 days, 120 days—that the Ministry of Health could have given notice to Ornge to get certain things right, to work with the government, had the Ministry of Health determined to do so.

Ms. Sandals made a very specific point, and I think it's important that we clarify that. She specifically said that the existing or earlier performance agreement, the original one that you negotiated, did not contain those measures that you had explained. She insisted that it was the revised performance agreement that only contained those clauses. Can you speak to that and clarify that for the committee, please?

Mr. Jacob Blum: With all due respect, I think Ms. Sandals has misinterpreted the original performance agreement.

Mr. Frank Klees: Thank you. So the original performance agreement contained the provisions that you spoke to.

Mr. Jacob Blum: The original performance agreement clearly lays out what are called cure periods to which the government can notify Ornge, and Ornge had those times to—yes.

Mr. Frank Klees: Thank you. Still on the performance agreement: When Mr. Malcolm Bates testified here on April 18, I asked him specific questions regarding the original performance agreement and what was intended. What was the policy intent of consolidation of Ontario's air ambulance service? I specifically said to him, because that was my understanding, that it never contemplated bringing Ornge into the aircraft business, that consolidation meant more the backroom operations, the dispatch and so on and so forth. Mr. Bates agreed.

I'll just for the record read, first of all, part of my question:

"The consolidation that was intended was to ensure that the oversight and the lines of authority were consolidated, that there was in fact a response to the previous audit that indicated very clearly that there were some weaknesses in the system that needed to be addressed. Would you agree with that?"

Mr. Bates responded, "I would agree with that."

I would ask you, again for the purpose of clarification here, to help us understand what exactly that original performance agreement meant and was intended to do when we refer to that term "consolidation."

Mr. Jacob Blum: It was intended—and I believe in my package I had provided committee members with a pre-consolidation of the visual and a post-consolidation

of the visual. If you look at the pre, you had a fragmented system, a very odd relationship between the medics, who worked in an aviation company, and the doctors whom the medics performed medical acts under, who worked for a hospital, where the doctor could suspend the medic if they felt the medic needed to true up their continuing medical education, and then the aviation company that was hiring that medic would be out of staff and would have to pay for this.

The pre-consolidation model was highly fragmented—no clear lines of authority. There was no one single point to everything which was a command-and-control centre. Post-consolidation was to bring all of that in, tie it up, integrate it so you had the back office, the air carriers and the medicine within one house, operating with all allied health professionals under one command-and-control.

Mr. Frank Klees: And what was the intention with regard to the third party service providers? I'm talking now about the various companies across the province that were providing, whether it be the helicopters or whether it be the fixed-wing aircraft—what did the public policy anticipate would happen with that part of the operation?

Mr. Jacob Blum: Ornge would manage them as third party suppliers through a contract management strategy, as had the government before us. So they just assigned the existing contracts they had with the aviation companies over to the Ornge entity, and it was Ornge's responsibility now to perform the same functions as the government did.

Mr. Frank Klees: At what point was that policy changed? Because clearly, there was cabinet approval for that initial policy. At what point was there a policy decision made by the government to now terminate those agreements or allow those agreements to come to an end, and Ornge would now come into the business of owning aircraft, both fixed-wing and helicopters?

1010

Mr. Jacob Blum: There was no specific public policy process and/or decision made within the government to change the original mandate as you have described it.

Mr. Frank Klees: And your comment earlier obviously is of concern to us when you said, in your opinion, Ornge did not have the core competency to become an aviation company.

Mr. Jacob Blum: That's correct.

Mr. Frank Klees: Based on what we've seen over the last couple of years, based on what we see in the Auditor General's report, I think we are seeing the results of that assessment. In your opinion—because the purpose of this committee is, at the end of the day, to determine what went wrong and make some changes and make some recommendations to the government in terms of how we can get this right and how we can restore confidence in our air ambulance service—what, in your opinion, has to happen, on a go-forward basis, in order to restore that confidence? And perhaps specifically speak to this issue of the aviation aspect of this, where clearly Ornge doesn't have that core competency.

Mr. Jacob Blum: Off the top of my head, three points:

(1) Ornge has to deal with its operational issues, as outlined by the Auditor General in, I believe, three subsequent reports. Reading them, it looks like you're reading the same date. So, deal with the Auditor General's reports with regard to the dispatch centre.

(2) Fix the culture and detoxify the culture within Ornge.

(3) Divest out of the aviation business and let the aviation companies do their job. Contract back out to the aviation companies through a competitive bidding process and allow them to run the airlines, the maintenance and ensure that the aviation component of transferring a patient is safe, and let them assume that liability.

If you think about it, the two most sophisticated aspects of western civilization are medicine and aviation. When you marry the two, it's a high risk. Let the aviators do the aviation; let the medicine do the medicine, and have a wall between the two.

Mr. Frank Klees: Thank you. I'd like to move on to your affidavit.

Mr. Jacob Blum: Yes.

Mr. Frank Klees: I've had a chance—unfortunately, I have a hard time—

Mr. David Zimmer: Chair, just before we do that—

Mr. Frank Klees: Chair, please. We only have so much time.

The Chair (Mr. Norm Miller): We just have 20 minutes.

Mr. David Zimmer: Chair, no. I want to raise a matter of fundamental fairness—

The Chair (Mr. Norm Miller): No, Mr. Zimmer. Continue, Mr. Klees.

Mr. Frank Klees: Thank you.

Interjection.

Mr. Frank Klees: I am going to ask this committee to censure you, sir. You are interfering with my line of questioning. I'll have none of it.

Mr. David Zimmer: We're entitled to see the entire diary, not selected excerpts—

Mr. Frank Klees: Chair, take control, please.

The Chair (Mr. Norm Miller): Please let Mr. Klees continue.

Mr. Frank Klees: I'd like to refer—and I'm having a difficult time reading some of your writing here; however, there are a couple of matters that I would like to address with you. We have had representation here in this committee from two individuals who have said on the record that they have neither lobbied nor engaged in any lobbying activity with regard to this file. One is Mr. Alfred Apps; the other is Mr. Don Guy.

In leafing through this in the short time that I have, there are at least three or four references in your affidavit that I'd like you to speak to. The first one is exhibit I, if you could have a look at that.

Mr. Jacob Blum: Sorry, exhibit I?

Mr. Frank Klees: Exhibit I in your affidavit. It refers to—obviously, these are your notes—a meeting that took place on December 10, 2007—

Mrs. Liz Sandals: Point of order, Chair.

The Chair (Mr. Norm Miller): Yes?

Mrs. Liz Sandals: The point here is that we have selective notes, so the committee has no access to the complete story. I would like to move that the Standing Committee on Public Accounts shall not hear any further oral testimony from Jacob Blum until such time as Mr. Blum has produced to the committee his entire professional diary, as referenced in the affidavit of Jacob Blum, dated May 16, 2012.

Mr. Frank Klees: Mr. Chair, this is an obstruction of the process here. We have the full document.

Mrs. Liz Sandals: In fairness, we need the complete document.

Mr. Frank Klees: Mr. Blum can confirm—I would expect that this is the full document of his notes of that day. Is that correct, Mr. Blum?

Mr. Jacob Blum: That is absolutely correct. In fact, you'll note—

Mr. Frank Klees: That is correct.

Interjections.

The Chair (Mr. Norm Miller): Okay, yes. We will continue with the proceedings. Go ahead, Mr. Klees.

Mr. Frank Klees: Thank you. These notes make reference to a meeting of December 10, 2007. There are two individuals who are referenced as attendees. One is Alfred Apps; the other is Don Guy. In that note, it makes reference to some business that they were to address. Can you comment on this? Tell us very briefly, succinctly, what the nature of that meeting was and what the topic of discussion was, please.

Mr. Jacob Blum: This refers to clarification. Their attendance may have been by teleconference. It may not have been in person.

Here, Alf Apps describes what Don talked about, what Don is doing, number one; number two, senior Ministry of Finance officials are on our side with regard to consolidation.

Don Guy is to handle—there were some cryptic emails—

Mrs. Liz Sandals: Point of order, Mr. Chair.

The Chair (Mr. Norm Miller): I'm not hearing your point of order.

Mrs. Liz Sandals: Except I would like to appeal your ruling.

The Chair (Mr. Norm Miller): No, we're continuing. Hold on.

Mr. Jacob Blum: He is to ascertain—

Mr. David Zimmer: There's a process here.

The Chair (Mr. Norm Miller): Excuse me here. You can ask for further documents with a motion but you can't interrupt the proceedings to do that. You will have an opportunity to put forward a motion to ask for further documents.

So please continue.

Mr. Frank Klees: Thank you, Mr. Chair. I apologize on behalf of my colleagues, Mr. Blum. We're trying to get some straightforward answers here. I don't know what the sensitivity is of the government members. They should be on the same side of this and want the same information that we're asking for.

Can you speak to the information that was under discussion at this meeting by both Mr. Apps and Mr. Guy? What is it that they were speaking to?

Mr. Jacob Blum: The issue was trying to ascertain what the Ministry of Finance's motives were for the purpose of consolidating Ornge's assets up into its balance sheets. These notes refer to the discussions surrounding that: Who is going to handle the issue and how are we going to proceed? So it was more of a strategic discussion.

Mr. Frank Klees: And who was going to handle this?

Mr. Jacob Blum: The "to do's": Don Guy was going to handle some cryptic emails, and then, how fast can we get a meeting? We wanted a meeting with the Ministry of Finance—

Mr. Frank Klees: And who was going to arrange that meeting?

Mr. Jacob Blum: That meeting, to be quite candid with you—previously in my notes there had been phone calls and inquiries made into the Ministry of Finance about the consolidation issue by Mr. Guy through Alfred Apps, and this was subsequent to that, and now we're setting up the meeting: who is going to attend and what the strategy of the meeting is going to be.

The overall purpose of the meeting was to get the Ministry of Health, the Ministry of Finance and Ornge to the same table and figure out what's going on with consolidation.

Mr. Frank Klees: And did either Mr. Apps or Mr. Guy volunteer or were they asked to or was it expected that they would arrange these meetings or telephone calls with the Ministry of Finance?

Mr. Jacob Blum: Not specifically, but within conjunction with Ornge, who was tasked with the original phone call—my recollection is not a call, but if you flip to the second page, "[senior finance is] on our side," Don had spoken to them, and this is his feedback, that senior financial is on our side, "certain not offside," "not trying to get us," confident he can manage the outcome, "outcome winning" by our principles of why we ought not to be consolidated; ensure that we would get a "proper hearing." In addition, "what level" at the Auditor General—we had no idea; "proper level of authority," "ensure PWC is confident."

Mr. Frank Klees: Who is PWC?

Mr. Jacob Blum: PricewaterhouseCoopers.

Mr. Frank Klees: Okay.

Mr. Jacob Blum: They were brought in via Alfred Apps in order to advise on the public sector accounting standards. And then it continued—

Mr. Frank Klees: At the bottom of the next page, Mr. Blum, there's your writing: "Don Guy setting up meeting

with [Ministry of Finance] and AG." What did that mean?

Mr. Jacob Blum: That was discussed in the teleconference call. Whether or not that materialized, I can't recall. But that was discussed as part of the strategy. So we're having a teleconference call. People were handing take-aways, and that would have been a take-away.

1020

Mr. Frank Klees: Okay. Thank you. Can I just ask—I think we have a couple of minutes left here—in terms of the oversight responsibility, you mentioned that you met on a regular basis with the emergency health services branch of the ministry. There were certain responsibilities, clearly, that the ministry had, and that's why they were meeting with you in terms of oversight.

Mr. Jacob Blum: Correct.

Mr. Frank Klees: They had inspection rights under the performance agreement.

Mr. Jacob Blum: Correct.

Mr. Frank Klees: Your assessment—you met with them on a regular basis until you left.

Mr. Jacob Blum: Correct.

Mr. Frank Klees: Do you feel that the Ministry of Health exercised its responsibilities both during the time that you were there, in terms of its inspection responsibilities, and once you had left? What's your assessment of how efficiently and effectively they met their responsibilities under the terms of the agreement?

Mr. Jacob Blum: Briefly, while I was there they relied heavily on me to ensure that the performance agreement was in compliance. So if there was reporting, if there was documentation required, they would rely on me to provide it. After I had left, things started to go diagonally and there was a geometrical expansion of issues. How the ministry handled those issues after I left, I'm not privy to. So, while I was there they relied on me to deal with any issues they may have had; after my departure, I don't know who they relied on.

Mr. Frank Klees: The Auditor General made reference in his report to the reporting process and the mechanisms in place that Ornge has in terms of its dispatch and in terms of the tracking of calls. Did you ever make a recommendation to Ornge to upgrade that internal process, the technology, and what was the response that you received from that?

The Chair (Mr. Norm Miller): You have two minutes.

Mr. Jacob Blum: Yes, I had put together a comprehensive strategy in upgrading the performance agreement, some of which I alluded to in my opening remarks. In the package you received, there's one sheet that looks like gobbledygook, but that is the business architecture for which the dispatch centre would be the core, and connections into financials billing. I also brought in an SAP system, from an accounting standpoint, so there could be no funny stuff with the books, to give the government confidence that we had a top-tier accounting system. I also brought in a highly regarded and highly credentialed

team in order to build the plan, deal with the third party vendors, build the strategy without disruption. There was very little interest in dealing with the dispatch. I'll be very candid with you: I was completely taken aback to read the 2012 Auditor General's report to find out that the systems that were meant to be interim systems only are still there.

The Chair (Mr. Norm Miller): We are out of time.

I would just like to comment to the government bench that you will have the floor this afternoon as we start the proceedings. If you wish to move a motion at that time, you're welcome to do so. But there was no ruling to appeal, and you can't, on a point of order, move a motion.

Thank you very much for coming before us.

Mrs. Liz Sandals: I was wondering if, in the interest of all the committee, Chair—we do have the Auditor General here as a resource, and I would like the Auditor General to tell us whether he was ever contacted by Don Guy to have a meeting between finance and the Auditor General.

Mr. Jim McCarter: Sure. I'm not aware of any contact. Typically the way the consolidation—this is the accounting consolidation, not the operational consolidation—

Mr. Jacob Blum: That is correct; that is correct.

Mr. Jim McCarter: I agree with your comments on the operational consolidation. But on the accounting consolidation, it would primarily be driven by the Ministry of Finance. Their financial statements—they would come to us and say, "We think hospitals or school boards should be consolidated." In this case they came to us and said, "We think that"—and this was a grey one. Ornge was a bit grey, whether it should be consolidated. They came to us and said, "We think it falls over the side of the fence and it should be consolidated." We looked at it, with the debt issue and 99% of the funding coming from the government, and we essentially agreed with their position. But I'm not aware—I was certainly never contacted by Don Guy. We've discussed it in-house, and I think my staff would have mentioned if we had been contacted by Don Guy, but it probably never got that far, Ms. Sandals.

Mrs. Liz Sandals: Thank you, Mr. McCarter.

The Chair (Mr. Norm Miller): Thank you very much. This committee is recessed until this afternoon.

The committee recessed from 1025 to 1230.

MS. MARIA RENZELLA

The Chair (Mr. Norm Miller): I'll call this meeting to order. Our first witness this afternoon is Maria Renzella. Please come forward. Welcome. Just to confirm, you have received a letter with information about witnesses coming before the committee?

Ms. Maria Renzella: Yes, I have.

The Chair (Mr. Norm Miller): Thank you. I believe our clerk will have an oath for you.

The Clerk of the Committee (Mr. William Short): Ms. Renzella, the Bible is in front of you.

Do you solemnly swear that the evidence you shall give to this committee touching the subject of the present inquiry shall be the truth, the whole truth and nothing but the truth, so help you God?

Ms. Maria Renzella: I do.

The Clerk of the Committee (Mr. William Short): Thank you.

The Chair (Mr. Norm Miller): You have time for an opening statement, and then we'll move to the parties for questions.

Ms. Maria Renzella: Thank you, Mr. Chair. Good afternoon. I would like to thank you and the committee for giving me the opportunity to speak to you today.

I was hired by Ornge in April 2005 as the vice-president of finance. For most of my career as a chartered accountant, I have worked in the health care and telecom industries. I felt that my skills and experience were a good fit with the organization, and I was impressed with its strategic vision.

At that time, air ambulance services in Ontario relied on a patchwork of decentralized operations and private sector airlines. Like all health care services in Ontario, air ambulance services were faced with rapidly increasing costs and constrained budgets. Working under the leadership of Dr. Mazza and our board of directors, it was clear to me that our mission at Ornge was to improve the efficiency and quality of air ambulance services by centralizing the province's operations under a single organization. It was also clear to me that Ornge was committed to a strategy of finding new sources of revenue to help sustain adequate funding for air medical transport services and to reduce the financial burden on the province's health care system.

My role at Ornge was to work within the management team to execute the strategies and policies of Dr. Mazza and the board of directors. I did so with great care and diligence, as did all members of the management team.

Finally, I would like to express my admiration and support for all the dedicated men and women who work at Ornge. I have no doubt that the organization will continue to provide excellent care to the people of Ontario.

I'm happy to answer any questions that the committee may have.

The Chair (Mr. Norm Miller): Thank you for your opening statement.

We'll go to the government first: Mr. Moridi. You have 20 minutes. We're going to do two 20-minute rounds and then see what time is left.

Mr. Reza Moridi: Thank you, Mr. Chair.

Thank you, Ms. Renzella, for taking the time to appear before this committee. When did you first meet Dr. Mazza?

Ms. Maria Renzella: I met him April 2005, a few weeks before I started.

Mr. Reza Moridi: What was your initial impression when you met him?

Ms. Maria Renzella: He was charismatic, visionary, very energetic. But the most important thing I noticed was that he had a vision of what he wanted to do with the air ambulance system.

Mr. Reza Moridi: How closely did you work with him when you were working for Ornge?

Ms. Maria Renzella: Being the VP of finance and eventually the executive vice-president of corporate services, I basically managed all the back-office processes. So I worked with Chris mostly on financial matters and anything to deal with financial controls, information technology, anything about those processes, to ensure that the company kept running in the back end.

Mr. Reza Moridi: Would that be on a daily basis?

Ms. Maria Renzella: Yes, it would be on a daily basis initially, as we were building the organization. And then as life went on, there would be weekly meetings that the management team would have, and he would call me or talk to me on an as-needed basis.

Mr. Reza Moridi: Were you involved or did you have any knowledge of the review of his salary that led it to increase to \$1.4 million?

Ms. Maria Renzella: Yes, I knew what the salary was. The salary was determined by the board of directors, and the position I held was to ensure that the payroll matched the salary that was approved.

Mr. Reza Moridi: But you were not involved in the process?

Ms. Maria Renzella: No, I was not involved in the process. The output came from the board of directors. They went through their own processes. I was just given the paperwork to execute.

Mr. Reza Moridi: Do you know the reason for that increase?

Ms. Maria Renzella: There were two parts of that salary, as I understand. There was the salary for being the CEO, and he also received a medical director's stipend. Those were the two pieces in that amount. The salary was based on a third party consulting firm coming in, as I understand, that was hired every year. They came in and did a review of that.

Mr. Reza Moridi: Do you know who that consulting firm was?

Ms. Maria Renzella: It was a company called Cliste near the end. At the beginning, it was Luis Navas who was the consultant who provided advice on executive compensation.

Mr. Reza Moridi: Do you think that salary was appropriate for somebody in that position, within that sort of company—

Ms. Maria Renzella: I believe that the salary was quite high for that—

The Chair (Mr. Norm Miller): Excuse me. Ms. Renzella, can I ask you to back off from the microphone just a little bit? It's making Hansard difficult.

Ms. Maria Renzella: Oh, I'm so sorry.

The Chair (Mr. Norm Miller): Thank you.

Ms. Maria Renzella: Okay. Yes, I believe that the salary was very high, given the size of the organization.

Although it was complex, I did believe that the salary was quite high.

Mr. Reza Moridi: Did you object to that?

Ms. Maria Renzella: It was not my role to object. My role was only to get the directions from the board of directors at the time and execute.

Mr. Reza Moridi: Do you think that it was appropriate for Dr. Mazza to hire his girlfriend?

Ms. Maria Renzella: No, from a perspective of, I think hiring someone who is your girlfriend and promoting them provides for challenges and problems at work. You had to be on your toes, knowing that that was the situation, and you had to be careful when working with that individual. I believed it was very disruptive to the work organization and did not think it was a good idea.

Mr. Reza Moridi: Thank you very much. Mr. Chair, I'm passing it on to Ms. Sandals.

Mrs. Liz Sandals: Yes, thank you very much. Last week, we had testimony from Mr. Rick Potter, who used to be with Ornge. We were discussing this whole business of salaries on the sunshine list, or not, as the case may be. Mr. Potter had indicated that it was you who had removed the Ornge executives from the sunshine list. Is that reasonably accurate, that you had a role to play in removing people from the sunshine list?

Ms. Maria Renzella: Just to clarify, the sunshine list was dependent on who was being paid in Ornge. In 2007, we had created a company called Ornge Peel and also the Ornge Foundation. At that time, a number of executives were moved to Ornge Peel, and then later on the rest of the back office was moved to Ornge Peel, so there were a number of people. That was because it was an organization that was being set up in order to do revenue-generating activities. That's why there was the back office.

I went to the lawyers and asked them how the sunshine list impacted this, and we were given advice by the lawyers at that time that they were not required to go on the sunshine list.

Mrs. Liz Sandals: And who would the lawyers be who gave you that advice?

Ms. Maria Renzella: This was through Fasken's.

Mrs. Liz Sandals: I see. And which lawyers did you work with on the compensation regulatory issues?

Ms. Maria Renzella: On the compensation, Cindy Heinz was the lead lawyer, the billing lawyer at the time, and I believe Lynne Golding and Guy Giorno at the time were also providing advice as to that.

Mrs. Liz Sandals: So it was Ms. Golding, Mr. Giorno, and then Ms. Heinz was still at Fasken's?

Ms. Maria Renzella: Yes, she was. Yes.

Mrs. Liz Sandals: So at the time the decision was made to move people from Ornge to one of the subsidiaries, she was still at the law firm and she was one of the people who gave that advice.

When you were discussing, then, this whole business of where people would be assigned in terms of their jobs, tell me, how did the discussion revolve around whether or not people were on the sunshine list? How did the dis-

cussion revolve around should people be moved because that would hide them from the sunshine list?

Ms. Maria Renzella: The majority of the discussion arose as to why people needed to be on the separate organization and what the purpose of that organization was. That was the determining factor at the time, which of course also led to the fact that we didn't have to go on the sunshine list. The lawyers, as I understood it, said that it was not necessary, and we had informed Chris at the time. It was up to him whether he wanted to put people on the sunshine list or not, but we were not required by law at the time to do so.

Mrs. Liz Sandals: Mr. Potter indicated that, in fact, he volunteered to go on the sunshine list, but that he was not allowed by yourself to have his salary on the sunshine list; so even though he was willing to be appearing on the sunshine list, the decision was that the lawyer said, "It's not necessary." It wasn't a case of people deciding whether or not to reveal their salaries; it was, "You are now employed here, so therefore you will not be on the sunshine list."

1240

Ms. Maria Renzella: Once the decision was made as to who was in what bucket or which organization, that decision wasn't really revisited until recently, until the media reports. Then the question was asked, "Would you be willing to put your name on the sunshine list?" We all agreed, but at that point—this was December 2011, of which nothing has come—

Mrs. Liz Sandals: So it's your position, then, that the fact that salaries seemed to start going up rather dramatically after people went over to the for-profit side and came off the sunshine list—the fact that the salaries were hidden and the fact that they then started to rise rather dramatically were totally coincidental?

Ms. Maria Renzella: What I would like to say is that the rising of the salaries—and I think you're speaking specifically about Dr. Mazza's salary. If you go back to the last time his salary was disclosed, it was 2008, but that was only a partial year for 2007, so that number is understated. It does not reflect a full year of his salary, so I wanted to make sure that everyone was aware of that. But as—

Mrs. Liz Sandals: But nevertheless, his salary at least doubled to \$1.4 million.

Ms. Maria Renzella: His salary would have increased over that period of time. Again, the board was well aware of that, and they were determining what the salaries were at that time.

Mrs. Liz Sandals: The board of what?

Ms. Maria Renzella: The board of Ornge and Ornge Peel. They were the same board. They were the ones who knew what the salaries were—

Mrs. Liz Sandals: Oh, that's interesting, because some of the board members have testified that they didn't know what Dr. Mazza's salary was. There seems to have been some people on the board who were aware and possibly some who weren't. That would contradict some of the other testimony we've received.

The thing that I find confusing, and perhaps I'll appear to—could you hand that to the witness? This is something that has been previously distributed to the committee because it appeared in the request for information from Ms. Li, the ADM, with respect to salary disclosure. What she revealed, out of the FOI documents, was an email chain where some of the Ministry of Health people were trying to reconcile—it would appear that they were trying to reconcile the previous sunshine list to the new sunshine list.

What I find interesting as a response, in terms of asking where did these salaries go, is that the payroll supervisor at Ornge says, "A number of employees have left our organization since 2008 and 2009." I'm wondering, if correspondence went out from Ornge in 2009, whose signature, whose name would have appeared on the correspondence from Ornge, the CEO of Ornge, if correspondence went from Ornge in 2009?

Ms. Maria Renzella: It would have been Dr. Mazza. He would have been the CEO of Ornge.

Mrs. Liz Sandals: So here, then, we would have had the CEO of Ornge, still being Dr. Mazza, from the point of view of the world, but the communication from the payroll supervisor at finance is that a number of employees, who have disappeared from the sunshine list, "have left our employ." That would include Dr. Mazza; I believe it would include yourself; it would include Mr. Potter. How do you reconcile the idea that people left, which is what the Ministry of Health was told, yet Dr. Mazza still appears to be CEO of Ornge?

Ms. Maria Renzella: One is a legal question as to what needed to be displayed on the public salary disclosure list, and again, that was legal advice provided to us. Dr. Mazza had the option as to whether he wanted to do that.

The organization of Ornge Peel itself that was created was indirectly—it was owned by Ornge at the time, so it was all consolidated within it. The board of directors knew what the position was—at least, the chair did. The way it was structured was that there was an administrative agreement between the two organizations, from a legal perspective, to ensure that Chris would continue to be on as CEO. So there were legal arrangements made for that.

However, how do you reconcile the two would be—I was under the impression that this is all very normal to have people in one organization be able to provide services to other organizations. It was all controlled within. So the issue of the Public Sector Salary Disclosure Act decision point was left with Dr. Mazza.

Mrs. Liz Sandals: But you did understand that the purpose of the Public Sector Salary Disclosure Act is so that the public is aware of the salary levels of the executives at transfer partners who are receiving provincial funds. Does not this decision, this advice that you received from Fasken's, from Golding, Giorno and Heinz, and the decision to say, "Oh, those people have left the organization," rather than disclosing the salary—

do you really think that is consistent with the intent of the act?

Ms. Maria Renzella: Personally, I had no issues with disclosing my salary. Again, those directions came from Dr. Mazza at the time.

Mrs. Liz Sandals: Thank you. How much time do we have left in this round, Chair?

The Chair (Mr. Norm Miller): You have about six minutes.

Mrs. Liz Sandals: Do you want to start now or do you want to add that to the next round?

Mr. David Zimmer: Jeff.

Mrs. Liz Sandals: Jeff? Okay.

The Chair (Mr. Norm Miller): Mr. Leal.

Mr. Jeff Leal: Thank you very much, Mr. Chair, and thank you.

Last week, on May 9, Mr. Potter had some very shocking testimony, I believe, confirming rumours that have been circulating for at least a year regarding the selection of the Oshawa Municipal Airport to be a satellite base. It was not based on technical merit, so a lot of people want to get to the bottom of this. Were you aware of the decision to select the Oshawa Municipal Airport as an Ornge satellite base?

Ms. Maria Renzella: Yes, I was aware of that decision.

Mr. Jeff Leal: Were you involved in the decision?

Ms. Maria Renzella: My involvement in any of those decisions was that I provided support to the executive lead in helping to establish a business case. So my team would provide all the financial report and analysis that would go along with such a business case.

Mr. Jeff Leal: Mr. Potter, the former chief aviation officer of Ornge, testified that he had “genuine concerns” about the location of a base at the Oshawa airport and indeed advised against that decision. Were you aware of his concerns?

Ms. Maria Renzella: I was aware of his concerns, and he had, as I understood, articulated them both to the executive in charge, Tom Lepine, and Dr. Mazza. Again, it was their decision as to whether to set up a satellite base.

Mr. Jeff Leal: So it's your testimony that he advised both Dr. Mazza and Mr. Lepine on this issue?

Ms. Maria Renzella: Yes.

Mr. Jeff Leal: Were you aware of any lobbying that was done by either MPs or MPPs to move that site to Oshawa?

Ms. Maria Renzella: No, I was not aware. I do know that there was discussion that Dr. Mazza and Tom wanted to set up an eastern base at the time, and they weren't sure which area to pick, be it Peterborough, Oshawa or whatever other airport. So they were pretty public—

Mr. Jeff Leal: I'm familiar with the Peterborough business case.

Ms. Maria Renzella: Yeah. And so when they went out there, it was a matter of who could provide the best

solution to what they were looking for, but I was not aware of any lobbying.

Mr. Jeff Leal: Mr. Potter testified that the city of Oshawa provided incentives for Ornge to locate there. Are you aware of these incentives and could you provide me any information on the incentive package?

Ms. Maria Renzella: I was aware that there were incentives, but I wasn't the person directly dealing with that negotiation, so I don't know all of the details of that incentive.

Mr. Jeff Leal: Who would have that information for me? Is it Jim Feeley who would have that information?

Ms. Maria Renzella: Jim Feeley would have that information.

Mr. Jeff Leal: Mr. Lepine would have that information?

Ms. Maria Renzella: Mr. Lepine, yes, would have that information.

Mr. Jeff Leal: Mr. Mazza—Dr. Mazza—would have that information?

Ms. Maria Renzella: If you ask him, possibly. But I think if you want to go—the people who would actually have the details to provide you with that could be Jim or Tom, yes.

Mr. Jeff Leal: In your opinion, why was the decision ever made to go to Oshawa Municipal Airport if there were so many technical reasons for it not to go there? In fact, Mr. Potter testified that when he was in the air traffic control business for Saskatchewan, Manitoba and, indeed, Ontario, Oshawa had more complaints to air traffic control because of the operation of the airport and, indeed, the curfew and potentially reducing response times if the Ornge satellite base was located in Oshawa.

1250

Ms. Maria Renzella: The decision to have a satellite base was determined by Mr. Lepine, and I think it was more of an operational decision and something to do with time to patients in that area and the activity. But other than that, I was not involved in that decision at all.

Mr. Jeff Leal: I just want to make sure we're absolutely clear here. You're saying it was Mr. Lepine and Mr. Lepine only who made the final decision to go to Oshawa?

Ms. Maria Renzella: Mr. Lepine, under the direction of Dr. Mazza. There was a business case. They went and looked at a number of factors, as I understand. But it was also Dr. Mazza who wanted Tom to investigate whether they should look at opening an eastern base.

Mr. Jeff Leal: Did you review the business case?

Ms. Maria Renzella: Yes, I did.

Mr. Jeff Leal: So what we're saying is that Mr. Potter said that there was no technical reason. You reviewed the business case—

Ms. Maria Renzella: It was reviewed by—from a financial perspective I reviewed it.

Mr. Jeff Leal: Which would have included the incentives that were put on the table by the city of Oshawa?

Ms. Maria Renzella: Yes, yes, yes. But if you're asking me for details of those incentives, there weren't—

Mr. Jeff Leal: Are you aware that in the Municipal Act, in the province of Ontario, bonusing is illegal?

Ms. Maria Renzella: No, I was not aware of that.

Mr. Jeff Leal: Okay. Mr. Zimmer, you may have some questions?

The Chair (Mr. Norm Miller): There's just one minute.

Interjection.

Mr. Jeff Leal: So, when Mr. Lepine appears in front of this committee, which he will do shortly, he's the individual who could shed a lot of light on this decision, I take it?

Ms. Maria Renzella: Yes. He will be able to shed a lot more light on this decision.

Mr. Jeff Leal: And Dr. Mazza: He was directly involved in making this decision also?

Ms. Maria Renzella: Yes. He asked Tom to look into opening up an eastern base, yes.

Mr. Jeff Leal: Okay, thank you very much.

The Chair (Mr. Norm Miller): We'll move on to the official opposition. Mr. Klees.

Mr. Frank Klees: Ms. Renzella, thank you for being here. You've obviously familiar with the Auditor General's report on Ornge.

Ms. Maria Renzella: Yes.

Mr. Frank Klees: You've had a chance to read it.

Ms. Maria Renzella: I read the draft. I haven't read the new revised, but I would assume it's not substantially different.

Mr. Frank Klees: When you first saw the Auditor General's report, what was your reaction?

Ms. Maria Renzella: I was shocked, dismayed, upset, disappointed, a number of—I was just very upset about it.

Mr. Frank Klees: It's a very scathing report—

Ms. Maria Renzella: Yes.

Mr. Frank Klees: —on a number of fronts. Whether it has to do with the patient safety and patient care side or whether it has to do with the operational side, it left a lot of questions, which of course is why we're here.

Ms. Maria Renzella: Yes.

Mr. Frank Klees: One of the things that concerned us a great deal, and I think probably added to the concern not only of this committee and legislators but the public as well, were the Auditor General's comments that it was very difficult for him to get information when he asked for it. The minute that there's a cloak of secrecy, it obviously begs the question: What are these people hiding? Can you help us to understand why the Auditor General would have been obstructed to get information that clearly he felt was in his mandate to have available to him so that he could, in turn, report to the Legislature on what was happening at Ornge?

Ms. Maria Renzella: As I read that, I felt that we responded to all the Auditor General's requests in a timely manner. In some places, we had to go look for the information due to filing and having it in boxes or pulling some things together to make it cohesive. If the Auditor General is referring to the issue about the restructuring

and understanding there were some documents that were in or out of scope, there was a discussion between the chair of the board at the time and the director in the Auditor General's office to determine what the scope of the work was between that for-profit side and the not-for-profit side. My understanding at the time is that there was agreement as to what was to be shared and what was not to be shared. There was no comment otherwise that would have indicated that we were not sharing information appropriately. I did not hear that we were not sharing information. I do understand, at times, though, it just took us a little longer to pull some information together.

Mr. Frank Klees: Mr. Chair, I'd like to hear from the Auditor General. My question to the Auditor General is: Were there specific requests that you made to Mr. Rothfels on occasion? What was the response from Mr. Rothfels to your request?

The Chair (Mr. Norm Miller): Auditor General?

Mr. Jim McCarter: Thank you, Chair. I think maybe the best way I can characterize it is, we eventually got the information that we requested, but compared with our other audits, it took an unduly long amount of time to get the information. Often we'd ask for it, we'd have to ask for it again, and we'd get a document, but we wouldn't get all the document. As Ms. Renzella knows, a lot of the documents were at the lawyers'; that took a fair bit of time. It was challenging to get the documents. We eventually got it, we eventually got the explanations, but it just took a lot of time.

Mr. Frank Klees: Thank you. I think the concern that we have, Ms. Renzella, is that there seemed not only to be a great deal of complexity around this organization; there clearly were a lot of issues that did not invoke a great deal of confidence.

We've already heard your responses to the issue of the sunshine list.

Ms. Maria Renzella: Right.

Mr. Frank Klees: We also heard testimony from Ms. Golding about the fact that, yes, they provided legal opinion, but in providing that legal opinion, they also made a recommendation that, notwithstanding the fact that you are not obligated legally to disclose, you do so anyway, given the relationship between Ornge and the government of Ontario. Can you confirm that?

Ms. Maria Renzella: Yes.

Mr. Frank Klees: Yes. Nevertheless, despite the fact that your legal firm, while responding to the technical request to provide a legal opinion—and they provided that—offered their best advice to say, "Look, in the interest of public confidence, you should be disclosing these salaries." You can understand, I'm sure, why we would question the motivation and the intent when this organization that was receiving \$150 million of public money would choose not to. Does that make sense to you? Do you understand why we would be concerned?

Ms. Maria Renzella: I understand. As I had already said, this was a Dr. Mazza decision, so this is what he wanted to do.

Mr. Frank Klees: Ms. Renzella, you have a professional background. Prior to coming to Ornge, you were with Allstream, a respectable company. What was your role there?

Ms. Maria Renzella: I was a director of finance. I worked mainly with the sales and marketing departments.

Mr. Frank Klees: And what was your income at Allstream?

Ms. Maria Renzella: It was \$120,000 at the time, plus a number of options.

Mr. Frank Klees: And when you came to Ornge, what was your starting salary?

Ms. Maria Renzella: It was \$130,000.

Mr. Frank Klees: I think the last salary that I saw posted was \$430,000. Is that correct?

Ms. Maria Renzella: The salary was made up of a number of components. It was \$240,000; plus there was a performance bonus on top.

Mr. Frank Klees: Right. But basically, in the space of—when did you start?

Ms. Maria Renzella: April 2005. So I started at \$130,000 plus a performance bonus at that point in time—as well, at Allstream, there was a performance bonus and options, too.

Mr. Frank Klees: So it's fair to say that you've done very well there. In fact, what we've seen from other executives is that everyone did well at Ornge. No one denies anyone success, but the reason that we're examining this is because it is tax dollars, and it wasn't exactly a perfect organization in terms of the success measurements that, as a public body, we would like to see, from the standpoint of delivering emergency ambulance services. So you understand again our questioning, and I think the taxpayer wants us to get some answers to these questions.

1300

Can I ask this? As a professional who no doubt took your responsibilities very seriously, did you at any time, while you were employed at Ornge, feel that you were being asked to do certain things that you felt were the wrong things to do?

Ms. Maria Renzella: While I was at Ornge, I thought a lot about whatever I was asked to do. I stayed at Ornge mainly because of the mission that it had. It was performing a service to the province of Ontario which was very important to me. I was very loyal to that and committed to that organization.

When things were asked, I tried to ensure that it stayed, in my mind, within the realms of what would be appropriate. I ensured, first and foremost, that whatever was done was legal. I would go to the lawyers a number of times to make sure that whatever was being asked was legal. That was my first and foremost. In many cases—and we were able to always work within a legal environment.

Whether or not I agreed with every decision made, I would suggest that I could say to you I didn't agree with every decision made. I would have made other decisions

depending on if I was in that position to make the decision.

Mr. Frank Klees: I'd like you to think about this very carefully.

Ms. Maria Renzella: Okay.

Mr. Frank Klees: I'd like you to think about the time when the aircraft purchase agreement was finalized and the follow-up to that with the marketing services agreement. I understand that you were the point person, along with Dr. Mazza, in negotiating directly with Agusta the marketing services agreement. Is that correct?

Ms. Maria Renzella: Yes, with the marketing services agreement. I was not involved in the negotiations on the helicopter agreement, no.

Mr. Frank Klees: That is contrary to what Mr. Potter said, and I'm sure you saw his—

Ms. Maria Renzella: I saw that, and that was incorrect.

Mr. Frank Klees: Why do you think Mr. Potter would have put you into that position?

Ms. Maria Renzella: I don't know. At the time when they were negotiating the agreement, I was not part of that. It's a very complex agreement. You're buying helicopters, so there were consultants on board whom we had hired and contractors with aviation experience in aircraft procurement, and there were lawyers on board. I was not involved in the set-up of that. He may have forgotten—

Mr. Frank Klees: But you were involved in negotiating directly with Agusta the marketing services agreement. Is that correct?

Ms. Maria Renzella: Initially, and then, as the services started to be defined, it actually moved over into the marketing area.

Mr. Frank Klees: Okay, but at that beginning stage—can I ask: Where did the original draft of that agreement emanate from? Is that something that you prepared, or was that initial draft delivered to you by Agusta as a starting point?

Ms. Maria Renzella: So if I can step back and sort of walk through what the agreement was, I received a phone call in January of—I believe it was 2010. Dr. Mazza had called me and informed me that he had negotiated a deal with Agusta whereby he agreed to pay for weight upgrades. In return, he wanted to receive a donation, of which he wanted the donation to be used to help with these revenue-generating opportunities. He therefore mandated me, when I returned back, to get in contact with lawyers and determine on how to execute this.

I returned from school at that point in time and spent the first week understanding the facts. I didn't understand completely what the deal was. I had to talk to a number of people. I spoke with the lawyers to understand what they understood the deal was to be. I just had to think about what this all meant.

Later on, it became apparent—the lawyers did come back to me and said that what Dr. Mazza wished to do could not be done, especially in regard to a charitable organization. You could not take funds like that, receive

them and have them used for revenue-generation activities.

Mr. Frank Klees: How much money were we talking about?

Ms. Maria Renzella: We were talking \$4.8 million.

Mr. Frank Klees: So \$4.8 million?

Ms. Maria Renzella: Yes.

Mr. Frank Klees: Thank you.

Ms. Maria Renzella: At this point in time, just to make it all clear, the organization Ornge owned both the foundation—not legally, but it had control over the foundation and the organization called Ornge Peel at the time. So there were discussions with the lawyers whereby, for such a transaction to occur, a value for the service being given had to be demonstrated. Therefore, we sat and we talked about it. I talked to Chris. I was just trying to think through what that could mean.

If you read the agreement—I read the agreement with Agusta; it had contemplated a joint marketing agreement at the time. I spoke with Chris and explained to him specifically what the lawyers had said, talked to him about the concept of this joint marketing—maybe there's a marketing service that could be provided or something. But it was more of a brainstorming to talk about value for service.

Then I talked to the lawyers a bit more to understand whether that would be something that was legally qualifying. Dr. Mazza therefore—he thought about it a bit more and spoke with Agusta at that point in time.

Mr. Frank Klees: Okay, that's interesting. So it was intended—the \$4.8 million was really a donation. Your lawyers told you that you can't accept that donation and so we went back to the drawing board to say, "How can we accept this \$4.8 million and how can we paper this?" That's really what it came down to, isn't it?

Ms. Maria Renzella: How do you make it legal, to be used for what you needed to use the funds for.

Mr. Frank Klees: Or at least appear legal, right?

Ms. Maria Renzella: Well, at the time, the intention, I believe, was to make sure, right? But—

Mr. Frank Klees: In the process of this—again, I remind you that we've had a number of people here under oath, and there will be more to come. There were a lot of people concerned about this process and there were a lot of people who saw through the facade of this paper.

At any time—and please think about this—did any of the consultants or executives around you or board members come to you to say, "Look, this is wrong. This is illegal. This is essentially fraud"? Did that ever happen?

Ms. Maria Renzella: No. People were—there was definitely controversy between Rick and Chris at the time as to whether Chris would pay for the weight upgrades, but no one ever used the word "fraud." No one said it was illegal. It was never mentioned. I never heard of that term.

Mr. Frank Klees: Did anyone suggest it was questionable?

Ms. Maria Renzella: There was a lot of internal controversy. I think the focus and the mandate I had at the

time was definitely to try to ensure that whatever we were doing was legal. That was the focus.

Mr. Frank Klees: You are confirming that Mr. Potter—who took great pride in telling us that he had, whether it was him or whether it was a group of them, essentially negotiated away the cost of that weight upgrade and that Dr. Mazza insisted, nevertheless, to pay that. The way we understand it is that even though Agusta had agreed not to charge it, Dr. Mazza insisted on paying it, and it was going to be paid, clearly, out of the bond offering funds that had been raised to buy the helicopters. And then that money would be funnelled back into what was going to be the charity but ended up being—which company?

Ms. Maria Renzella: Ornge Peel.

Mr. Frank Klees: Ornge Peel. So you are confirming that?

Ms. Maria Renzella: The actual discussions and the negotiations, I was not part of. I just received that phone call from Chris. Rick said he was unhappy with it. Again, I don't know all the details of what Rick negotiated at the time. I received the phone call from Chris at the time stating that.

Mr. Frank Klees: Okay. Can you tell me, when those payments—I'll just fast-forward a bit here.

Ms. Maria Renzella: Sure.

Mr. Frank Klees: When those payments were made—and we have a copy of the marketing services agreement; I think it has been circulated to everyone. There's a schedule of payments. When those payments were made, they were made to Ornge Peel, you say?

Ms. Maria Renzella: Yes.

Mr. Frank Klees: Yes, and they would have come through your office as the finance person. You would have received those wire transfers, I'm assuming, and you would know where they were deposited; is that correct?

1310

Ms. Maria Renzella: My finance team would have known that.

Mr. Frank Klees: Where were they deposited?

Ms. Maria Renzella: They would have been deposited in the Ornge Peel bank account at the time. Then, when there was the corporate restructuring in January 2011, there was that movement—a new corporation of Ornge Global Corporate Services was set up, at which point in time that agreement was assigned there. Once it was assigned there, then those payments were made to that organization.

Mr. Frank Klees: All right. So there would have been funds already deposited from the previous payments.

Ms. Maria Renzella: Right.

Mr. Frank Klees: You're saying, then, that those funds were transferred into the Ornge Global services account.

Ms. Maria Renzella: Yes. The way it would have worked at the time—this is where things get a bit complex—is, through the corporate restructuring, what we ensured during that time period—or the finance team—

was that any funds received from the marketing service agreement were delineated from the rest of Ornge's funds. There was to be no commingling of the funds, the government funds versus the Agusta funds. Those funds were used to pay off any activities that were not related to the provision of air ambulance services in Ontario. That was how it was working.

Mr. Frank Klees: Okay. I'm sorry, I—

The Chair (Mr. Norm Miller): You have about 30 seconds left, Mr. Klees.

Mr. Frank Klees: Okay. Well, we'll have to—could I take about five minutes of my time? I just want to finish this line of questioning, if you don't mind. I'll make it up on the next round.

The Chair (Mr. Norm Miller): Go ahead. Continue.

Mr. Frank Klees: What we have here—and it's very honourable that the folks wanted to make sure there was no commingling of funds; right?

Ms. Maria Renzella: Exactly.

Mr. Frank Klees: They didn't want that money to go into the not-for-profit section.

Ms. Maria Renzella: And vice versa. They didn't want the not-for-profit section—

Mr. Frank Klees: Sure. Did anyone suggest that that's where they came from to begin with?

Ms. Maria Renzella: No.

Mr. Frank Klees: No, of course not. Can you tell me—because they originally came from the bond offering; right?

Ms. Maria Renzella: The bond offering was used to pay for the upgrades and a number of other upgrades that were going on at the time.

Mr. Frank Klees: Right, but we negotiated down, so we didn't have to pay the \$10 million. Now the \$4.8 million, net of the upgrades, was funnelled back into Ornge Global, so it's all from the same source. Of course, the taxpayers are paying the interest payments on that money, so in the end, it's nice to keep it segregated, but it really was all public money to begin with. Nevertheless, we'll deal with that elsewhere.

Can you tell me what happened? You said that those monies were then earmarked to use for other things. What other things and what other activities—

Ms. Maria Renzella: They were to be used for the provision of the services per the marketing agreement, so it was any of the hiring of marketing personnel, sales personnel, and professional fees that were encountered in helping to develop some of the revenue.

Mr. Frank Klees: So \$4.8 million was used to pay people like Kelly Long, who I understand had the lead on that whole marketing production. We're going to be getting a copy of the deliverables under that marketing agreement.

In your professional opinion, was that marketing agreement and the products that were ultimately delivered to Agusta worth \$4.8 million?

Ms. Maria Renzella: Two ways to answer that: First of all, it was negotiated with Agusta. There was a large amount of time negotiated. It was not something that was

done overnight. I started with that negotiation in March. The agreement was signed about four or five months later, and it was to ensure that the services did provide \$4.8 million.

Now, when looking at it from our perspective, at the beginning it was to understand what the costs would be in delivering such a service at that time, and there was obviously a profit component. But again, I would ask Agusta to ensure whether they received that value.

Mr. Frank Klees: Sure. Well, we know it was a donation. And we also know that the contract itself was nothing more than a sham, and Agusta participated in that. We have evidence that they do that worldwide. This is part of how they do business, from what we're told.

I guess what I was hoping to hear from you, and I'm hoping that someone—I mean, Mr. Potter came very close to it. I'm hoping that someone within Ornge will actually fess up and actually say, "You know something, folks? This was wrong. We did the wrong thing." Everybody sees it. What we're looking for is for someone—now, it may take the police to do that; I don't know. I'm sure they're following the money, and ultimately they will draw a conclusion. What I think the public is interested in, and what we would like to see as a committee, is someone who was engaged in this, whether they were bullied into doing it or whether they did it simply through complicity—it would be good to simply have an answer and for someone to stand up and say, "You know what? I'm willing to actually tell the truth here. I think this was wrong, and yet I was bullied into participating, into making this happen." Would you be willing to step forward to do that?

Ms. Maria Renzella: When I looked at the transaction at the time, and it was at the time when everything was within the same—it was all within the same group. It was the same organization. It was looking at making a payment, receiving a payment, in order to generate revenues; that was looking at ensuring the long-term sustainability of the organization. It was to help generate profits. It was going to help provide services to the province of Ontario. It would help mitigate any financial risk. There was a number of things potentially that was going to help do when it was pulled together underneath one roof.

As the for-profit structure was created, that was the one in 2011, and then that agreement was moved over to that side, you know, I can understand how, as you sit there and you're looking at this—I can understand your position. So I would relook at that transaction, given the way it ended up being. But initially, it was all to be a beneficial transaction for all.

Mr. Frank Klees: Thank you.

The Chair (Mr. Norm Miller): You have used your five minutes. For the additional five minutes, we'll move to the NDP: Ms. Gélinas.

M^{me} France Gélinas: You were at Ornge from April 2005 till 2012; you invested seven years of your life into that organization. How could it be that you ended up being terminated?

Ms. Maria Renzella: I was terminated legally. I was an employee of a company called Ornge Global GP, which was providing master management services to Ornge. That was the organization that was on the right-hand side of the big corporate structure. It went into insolvency. The contract between Ornge and Ornge Global GP was terminated, at which point my employment was terminated. There was a windup of all the for-profit activity at that point in time.

M^{me} France Gélinas: Did Ornge Global GP—

Ms. Maria Renzella: Yeah.

M^{me} France Gélinas: Apart from what was transferred over in the agreement from Augusta, what other source of revenue did they have, and what kind of amount were they bringing in?

Ms. Maria Renzella: So when it was started up, the organization had a marketing services agreement in one of the entities that belonged in that whole family. Ornge Global GP just housed a few executives who charged their time at cost. Everything was done at cost. There was no profit to Ornge. So that was their other source of revenue, through this master management agreement.

Any time that those executives, including myself, worked on any Global initiatives that were not specific to Ornge, they were charged to the Global services side. That was either financed through the marketing agreement—there was also a loan that was done from Ornge to the right-hand, to that for-profit, side. That loan was a result of a credit lease transaction. The credit lease transaction was where there were some funds raised through the monetization of a lease that was done between Ornge and Ornge Real Estate.

M^{me} France Gélinas: So that was for renting of the space?

Ms. Maria Renzella: That was for the renting of the space, yeah.

M^{me} France Gélinas: So, aside from the money you were getting from the dealings you had with Ornge the not-for-profit and Augusta, there were no other sources of funding?

Ms. Maria Renzella: No. The organization was pursuing external investors at the time, and at the same time, they were looking for other alternative sources of revenue. They had visited the States to see if they could generate some potential customers down there. They were setting up a joint-venture-type partnership down in Brazil to see if there could be some work that could be done down there.

1320

M^{me} France Gélinas: Wouldn't you say that it was a little bit premature to move you over there? Why not wait till some of that work was done?

Ms. Maria Renzella: I agree. I think, from my perspective, it was premature to create the structure. The business plan was not fully created at the time in order to entice the investors to come in or to generate the revenue. There had to be additional research required at the time before that would be going. So I do agree with you.

M^{me} France Gélinas: But yet you agreed to transfer your employment agreement to an entity that had no revenue.

Ms. Maria Renzella: At the time—it was sort of like the structure was being approved through the board. The process by which they went through the approvals of the structure and the legalities were such that I went along to do that. But if you're asking from more of a business sense whether the timing was too early to move people around or to even set up the structure, that was more of what my answer was pertaining to. It was almost like it was preparing for things to occur.

M^{me} France Gélinas: When you received your paycheque, would you receive a paycheque from Ornge Air, the not-for-profit, and then a paycheque from Ornge Global?

Ms. Maria Renzella: No. I received only one paycheque, from Ornge Global.

M^{me} France Gélinas: From Ornge Global.

Ms. Maria Renzella: Yes.

M^{me} France Gélinas: Who paid for Mr. Rick Potter's salary, Ornge Global or Ornge Air?

Ms. Maria Renzella: Ornge Air paid Rick Potter's salary, and then the way it was structured was, Ornge Air provided services to Ornge; it was an aviation services contract. So all the actual costs—again, nothing was done at profit; everything was—it was almost like all actual costs. So if I paid Rick \$240,000 a year, that salary was charged back to Ornge at \$240,000 a year. So that's how that would work.

M^{me} France Gélinas: On Rick's paycheque, it would show Ornge Air. On your paycheque, it would show Ornge Global.

Ms. Maria Renzella: Yes.

M^{me} France Gélinas: Okay. So we come back to, then: How could it be that the decision was made not to disclose Rick's salary if he was paid by Ornge Air?

Ms. Maria Renzella: The decision was made basically by Dr. Mazza at the time. Legally, he was given advice that if they were in separate legal structures, he did not have to disclose, so he did not want to disclose and the decision was therefore to disclose only those salaries that were in Ornge at the time.

Mr. Jagmeet Singh: So just to break down the difference: Before 2009, would you agree with me that there were no for-profit entities?

Ms. Maria Renzella: In 2007, I believe we set up Ornge Peel, which was—the way, legally—we just set up an organization. It was owned by Ornge. It was for-profit from a legal perspective, but it didn't generate any profit. Everything was done at cost. It was just a method to ensure that—

Mr. Jagmeet Singh: Sure. So, with the exception of Ornge Peel, the whole for-profit structure hadn't been set up yet.

Ms. Maria Renzella: No. It had not been set up yet; absolutely.

Mr. Jagmeet Singh: Your salary up until—you weren't paid by Ornge Peel, ever. Is that correct?

Ms. Maria Renzella: I was not paid by Ornge Peel ever—

Mr. Jagmeet Singh: By Ornge Peel.

Ms. Maria Renzella: No, no, I was paid by Ornge Peel.

Mr. Jagmeet Singh: You were paid.

Ms. Maria Renzella: Yes, I was.

Mr. Jagmeet Singh: And when were you moved to Ornge Peel?

Ms. Maria Renzella: I moved at the same time as a number of other people were moved, as well as the back office. I believe it was in 2007.

Mr. Jagmeet Singh: Okay. Rick Potter was never moved to Ornge Peel. Is that correct?

Ms. Maria Renzella: He was in Ornge Peel at one point in time. He was in Ornge, then Ornge Peel. Then, when the decision was to internalize the aviation operations, he was then moved into Ornge Air, because there had to be an accountable executive from a regulatory perspective to ensure that you had someone in there.

Mr. Jagmeet Singh: Sure. His pay, though, throughout his time period, while he was working there, was always from Ornge Air. Is that correct?

Ms. Maria Renzella: Correct.

Mr. Jagmeet Singh: And Ornge Air is not-for-profit?

Ms. Maria Renzella: Ornge Air, again, is in a legally set, for-profit organization. It's called for-profit. But as Peel was, they were just providing services, so nothing was done at profit. There were no profits being generated; it was just at cost. It was a charge-back.

Mr. Jagmeet Singh: But he was always being paid by Ornge Air from the beginning of his payment till the end.

Ms. Maria Renzella: He started in Ornge and then he moved to Ornge Peel, and then he moved to Ornge Air. So he did move around.

Mr. Jagmeet Singh: If Rick Potter testified that he was always paid by Ornge Air, would you agree with that or disagree with that?

Ms. Maria Renzella: As soon as Ornge Air was created, I would agree with that, yes.

Mr. Jagmeet Singh: No, for his entire—if he testified that for the entire duration of his payment, working at Ornge or working at this establishment, he was always paid by Ornge Air, would you agree with that or disagree?

Ms. Maria Renzella: I would say no, because in 2007, Ornge Air did not exist.

Mr. Jagmeet Singh: Okay. Mr. Potter indicated that he was always willing to disclose his salary. Would you agree with that?

Ms. Maria Renzella: We didn't talk about it that much. When it really came to fruition was when the media reports started coming out. There was an ask to say: Are you willing to disclose your salary? I asked him. I said that I would disclose mine, and he agreed to do that. But that was where the majority of those issues came out.

Mr. Jagmeet Singh: Was the decision to end the salary disclosure ever your decision?

Ms. Maria Renzella: No, it was not.

Mr. Jagmeet Singh: And if he testified to that fact, would you agree with that or disagree with that?

Ms. Maria Renzella: If he testified to that fact that I—

Mr. Jagmeet Singh: That you're the one who said that he should not disclose—

Ms. Maria Renzella: No, I would disagree with that. The decision not to disclose on the Public Sector Salary Disclosure Act was Dr. Mazza's decision at the time in 2007. We just continued on with that decision.

Mr. Jagmeet Singh: Did you ever receive any freedom-of-information requests to disclose salary?

Ms. Maria Renzella: No. No, I have not. We received a number of other FOI requests, but that one I have not seen. I'm trying to remember.

Mr. Jagmeet Singh: Okay. What other FOI requests did you receive?

Ms. Maria Renzella: Performance agreement. That was the major one that I remember that was received.

Mr. Jagmeet Singh: And when was that, approximately?

Ms. Maria Renzella: I think it was 2010 or 2009.

Mr. Jagmeet Singh: In 2010 or 2009?

Ms. Maria Renzella: It was late fall 2009.

Mr. Jagmeet Singh: Do you recall who made that request?

Ms. Maria Renzella: No, no. That just came through the normal channels where there's a—

Mr. Jagmeet Singh: And if there was a freedom-of-information request for salaries, would that have ended up on your desk being one of your responsibilities?

Ms. Maria Renzella: Yes. That would have been on my desk, and I would have done what I normally would have done: phoned the lawyers and tried to determine what we needed to do with that.

Mr. Jagmeet Singh: So if that request had been made, you would have received it? Do you agree with that comment?

Ms. Maria Renzella: It would have come to me at some point or someone would have told me about it.

Mr. Jagmeet Singh: Okay. If you never received that request, would it be fair to say that no one actually passed that information along to you, then?

Ms. Maria Renzella: Exactly.

M^{me} France G linas: Just to continue on this, the NDP did file a freedom of access of information when we realized that Dr. Mazza was no longer on the sunshine list. We were told that 13 documents were found and that none of them they could share with us. That's the ministry saying this. So you are telling us—we filed a request for freedom of access of information for Mr. Mazza's salary with the Ministry of Health. The Ministry of Health never asked you how much Mr. Mazza was making?

Ms. Maria Renzella: No. I never received that request. Again, it depends on when you sent it. It might have gone through another channel in the organization,

and I just never heard of it, but I've not personally seen that.

M^{me} France Gélinas: Okay.

Mr. Jagmeet Singh: You say that a loan helped pay for the salaries at Ornge Global?

Ms. Maria Renzella: Yes.

Mr. Jagmeet Singh: That loan was secured—was that secured by Ornge, the not-for-profit entity?

Ms. Maria Renzella: It was an unsecured loan because it was Ornge Real Estate that was making the loan to the global side, and there was no—

Mr. Jagmeet Singh: So were there any public assets used in securing that loan?

Ms. Maria Renzella: That's a more complicated question. The loan was an unsecured loan, and it was based on the difference between the amount of the capital value of the building and how much of a bond—there was a bond that was raised in relation to the building.

Mr. Jagmeet Singh: Was that building owned—

Ms. Maria Renzella: That was owned by Ornge Global Real Estate, which was a subsidiary of Ornge.

Mr. Jagmeet Singh: So then would that be considered a public asset?

Ms. Maria Renzella: If it was owned by Ornge. The question of whether it's a public asset or not I can't answer because that's more of a legal question. But I can at least tell you it would be an asset of Ornge.

Mr. Jagmeet Singh: That's fine. Sure. Who paid the interest on the principal of that loan that Ornge Global had?

Ms. Maria Renzella: Ornge was paying the interest and principal on that loan.

Mr. Jagmeet Singh: So Ornge, the not-for-profit Ornge?

Ms. Maria Renzella: Ornge, the not-for-profit. The concept was that, at some point, the difference in that loan of—I think it was about \$5 million, but it would have gone up to about \$8 million. That was going to turn into an equity investment on the global side, and therefore there would have been some ownership there. The other concept was also that there were going to be some savings from that that Ornge would realize because Ornge Global will now pay a fair share of the rent and would pay more of the back-office services because that would be shared. There would be some offsets to those costs, so that—

Mr. Jagmeet Singh: Sure, but in actuality what happened was that a publicly funded entity was paying the interest on a for-profit loan given to a for-profit entity?

1330

Ms. Maria Renzella: Right, and then the for-profit entity was paying the interest on the loan back so it would have been nil, but at the time they were using the same funds to pay off the loan.

M^{me} France Gélinas: How much of this did the ministry know? I mean, every year you had to do an annual statement; you had to have your annual statement audited. I mean, we had a previous witness who says that

they met with the Ministry of Health every week. How much of this did the ministry know?

Ms. Maria Renzella: All of this transaction happened in January 2011, and it was disclosed to the ministry as part of the documentation that was sent to the minister at the time. It was a 45-page document. Then they met with the various ministries and members of the government at that time. There were a number of people. I believe it was Tom Lepine, Rainer Beltzner and Alfred Apps who attended those meetings. At that point in time, all of this was disclosed.

M^{me} France Gélinas: From those disclosures and those meetings, did anybody from the ministry go back to you and ask for clarification?

Ms. Maria Renzella: No, I did not receive any clarifications on that.

M^{me} France Gélinas: The Minister of Health is on record as saying that of course alarm bells and red flags went up when they presented the 45-page document, but she says, "We were stonewalled by Ornge"—we couldn't get any information. But you're telling us that nobody from the ministry ever came and asked for more information?

Ms. Maria Renzella: That's true. No one came. I never heard an additional request at any point in time after those meetings had occurred.

M^{me} France Gélinas: Could it be that more financial information requests would have gone to somebody else and you wouldn't know that the ministry is looking?

Ms. Maria Renzella: I would say that if it went to my team—to the finance team directly or the government relations team—they would have informed me, so I did not hear that there were any other requests.

Mr. Jagmeet Singh: Are you aware of any other briefings or any other meetings where the ministry was apprised of what was going on at Ornge?

Ms. Maria Renzella: I was only aware of that set of meetings that Rainer Beltzner, Tom Lepine and Alfred Apps had at that time. There was about three or four different sets of meetings at that time, and then as a matter of course we had our quarterly meetings with the ministry.

Mr. Jagmeet Singh: And what did you discuss in your quarterly meetings?

Ms. Maria Renzella: We'd discuss any hot issues. At the time, the hottest issue was the Auditor General: What was the status of the Auditor General? So we discussed that. We discussed any operational issues. It was Tom Lepine and myself. It was mostly a matter of day-to-day issues, any operational issues, the Auditor General. We discussed where we were with some of the revenue-generating pieces, but those were mostly the discussions. They lasted for about half an hour to an hour.

Mr. Jagmeet Singh: So from 2008, let's say roughly, until 2011, how often and on what basis would you be meeting with the ministry to give them updates on what's going on at Ornge?

Ms. Maria Renzella: There was a set meeting, and it started in about 2008. In late fall, there were quarterly meetings set up with them.

Mr. Jagmeet Singh: Quarterly meetings set up as of late 2008.

Ms. Maria Renzella: Yes, late 2008.

Mr. Jagmeet Singh: And those continued on until the end of your stay there?

Ms. Maria Renzella: Yes.

M^{me} France G  linas: Mr. Blum this morning told us that when he was there he met weekly with the minister and the EMS department at the Ministry of Health. Then, when he left, did anybody else continue those weekly meetings with the ministry?

Ms. Maria Renzella: We replaced the position, and that person, I think, had a different communication style than Mr. Blum. They talked on the phone quite a bit. I don't believe there were formal meetings because we had the quarterly meetings, but they would pick up the phone more often just to be able to keep them up to date as to what issues we were presented with and ask them questions, so it was more of that.

M^{me} France G  linas: And who would he call?

Ms. Maria Renzella: Who would that individual call? It was mostly with Dennis Brown.

Mr. Jagmeet Singh: And who was that individual?

Ms. Maria Renzella: It was Catherine Rosebrugh who replaced Jacob Blum.

M^{me} France G  linas: When you had your quarterly meetings, who from the ministry would be there, or would attend or teleconference or whatever?

Ms. Maria Renzella: It would be mostly Dennis Brown, Malcolm Bates sometimes, Narendra Shah, who was their finance arm, Tony Campeau, Mike LeGros, and Patricia Li would attend—not all the time, but she would attend some of the meetings.

M^{me} France G  linas: And at no point did any of those people during the course of this say that the Minister of Health, or the office of the minister, has questions about your for-profit entity, they have questions about the marketing agreement, they have questions about the corporate structure, nothing?

Ms. Maria Renzella: No, there was no discussion of that, no.

The Chair (Mr. Norm Miller): You have about one minute.

Mr. Jagmeet Singh: Was there any point in time where the ministry asked you a question or asked for some oversight and you said no or Ornge said no?

Ms. Maria Renzella: No, there was nothing like that. This year when the organization handed in their results-based planning template, it was a bit confusing to everyone because of the change. There was change in where certain line items were, so I asked for a meeting with the finance team at the ministry and I walked them through the corporate structure, how it worked with that team at the time.

Mr. Jagmeet Singh: When was that?

Ms. Maria Renzella: I would believe it was the fall, the September/October time frame. I went down there—it was after I did the RPP, so it would have been a November time frame. I walked through all of that with them, so that they could understand. It was a more informal setting, so that we could have a bit of interaction if they had a number of questions at that point in time.

M^{me} France G  linas: And the fact that the Minister of Health told us that she was trying to get financial information and she was stonewalled: Those people never shared that with you, they—

Ms. Maria Renzella: Exactly. I've not heard of that.

The Chair (Mr. Norm Miller): Thank you very much. We'll move on to the government now. Mr. McNeely, go ahead.

Mr. Phil McNeely: Ms. Renzella, you were executive vice-president, corporate services and vice-president, finance at Ornge.

Ms. Maria Renzella: Yes.

Mr. Phil McNeely: And at some time, then, you became an employee of Ornge Global.

Ms. Maria Renzella: Yes.

Mr. Phil McNeely: Which was for-profit.

Ms. Maria Renzella: It was a for-profit organization legally, but again it was a way to house a number of executives and then they could do a charge-back, but everything was done on a cost-recovery basis only.

Mr. Phil McNeely: Thank you. This morning Mr. Blum was asked if he was fired or quit, I think, in 2008. He was asked whether he was fired or quit. He said, "Neither." Would you comment on that?

Ms. Maria Renzella: Whether he was fired or quit? I believe that he and Chris eventually just parted ways. They had a very close relationship, as I remember, but as life went on, I think Jacob and Chris were just not working well together and they decided to part ways. But there was a severance package arranged for that, so definitely it was an agreeable termination—but there was severance paid for that.

Mr. Phil McNeely: What are the terms of that separation agreement, then?

Ms. Maria Renzella: You're going to ask me to go way back in my memory. It was approximately, I believe, a year payout at the time, with some education payments.

Mr. Phil McNeely: So a full year?

Ms. Maria Renzella: A full year.

Mr. Phil McNeely: Plus some education?

Ms. Maria Renzella: Yes.

Mr. Phil McNeely: If we could try to get that. That seems to be, the termination agreement, innovative; it was referred to, I think, by Mr. Blum as a sabbatical.

Ms. Maria Renzella: Right.

Mr. Phil McNeely: And so it was a sabbatical—a full year's salary-plus. What was Mr. Blum's salary at that time?

Ms. Maria Renzella: It was between \$140,000 and \$160,000 a year, plus bonus.

Mr. Phil McNeely: Plus bonuses. It seems to be a strange parting of ways that those kind of dollars should

be paid out. Why do you think they were so generous with this separation agreement?

Ms. Maria Renzella: I think that was a decision from Chris. Anything I could offer here would be just a personal opinion.

Mr. Phil McNeely: So in your position, you had no input into that?

Ms. Maria Renzella: I had no input into any of that.

Mr. Phil McNeely: I think I'd like to go now to that \$4,772,500, or \$7 million, whatever; it was the value that AgustaWestland received for those payments that were made. Potter had a different view about what the \$7 million was. But what do you see as this agreement, which was signed—I'm not sure of the date—but it says \$1,281,000 to be paid as phase 1; \$1,740,000, phase 2; \$1,750,000, phase 3, so a total of \$4.7 million. What was that exactly for?

1340

Ms. Maria Renzella: There were a number of services that were detailed. There was a whole phasing approach that said—I think there were three or four pages of deliverables where they had to do a large amount of research and then provide some deliverables. It's all very specific in there. It was agreed to between Agusta and the marketing team at the time.

The first phase—you can see that there was a large payout at the beginning. I believe it was, like you said, \$1.2 million. It was almost to be able to fund the people that were going to do the work and some of the costs involved in doing the work. Then, at the end of the phasing, there would be another payment, and then they would start the second and third phases. The idea is, as they went along the phasing, as I remember—and I'm going from memory—is that the deliverables would also be further defined as you went along, because as you got more research, there would be more deliverables, there would be better definition, further defined. But it was going to be more of a collaborative effort between Agusta and the Ornge side.

Mr. Phil McNeely: The taxpayer eventually pays for the full amount of the aircraft, and Mr. Potter had proposed a good agreement with the plane manufacturer. We heard that evidence. In your position, was this realistic? Which hat were you wearing? There was the for-profit hat that some taxpayers' money had been put in through this—somebody referred to it as a kickback. Which hat would you be wearing when you were giving advice on this?

Ms. Maria Renzella: So at the time when this occurred, there was no for-profit side, so—always wearing the Ornge hat, always ensuring that there was value to the organization as a whole and, hence, value to ensuring that the services are being provided in accordance with the performance agreement. That was the hat that I wore all the time.

Mr. Phil McNeely: I'll turn it over to Mr. Zimmer.

The Chair (Mr. Norm Miller): Mr. Zimmer.

Mr. David Zimmer: You're a chartered accountant—

Ms. Maria Renzella: Yes.

Mr. David Zimmer: The early part of your career was with a national accounting firm. Before that, you have a bachelor of finance. Then you got a master's degree in business administration at the Kellogg-Schulich, that's in Chicago and at York; comptroller at the University Health Network; director of finance for the old AT&T, now Allstream; and most recently at Ornge. So you're an experienced financial person.

Last week, Mr. Potter gave his evidence, and he told us how he negotiated a substantial discount with Agusta. He presented what he thought was good news to Chris Mazza and was met with the response from Mazza, "No, we're not going to take that discount. We're going to pay the full price"—if you will. Mr. Potter was asked, "What was your reaction to that?" I'm quoting Mr. Potter's evidence from Hansard. He said to Mazza, "Are you freaking crazy?" referring to Mazza not taking the discount. That "Are you freaking crazy?" comment from Mr. Potter to Mazza, when he got Mazza's rejection of the discount: Is that a sentiment that you would have shared?

Ms. Maria Renzella: Initially.

Mr. David Zimmer: So you would have felt, as Potter did, "Are you freaking crazy?"

Ms. Maria Renzella: Yeah, but at that point in time, I had to understand all the facts. I was not—Mr. Potter's a bit more boisterous in his response. I would have—

Mr. David Zimmer: But it's a sentiment that you would share?

Ms. Maria Renzella: But I would have thought, "Why are you doing this?" Then I had to understand what it was—

Mr. David Zimmer: Why would you have those thoughts?

Ms. Maria Renzella: Again, you had to understand the whole agreement, arrangement. So initially you're thinking, "Why are you paying for that?" As I had said before, I looked at it as a whole and understood that some of the payments were coming back. But I also had to understand what the full picture of all the negotiations were.

Mr. David Zimmer: When you understood the full picture of the negotiations, did you convey your feelings, perhaps in less colourful language, to Mr. Mazza?

Ms. Maria Renzella: I was given a mandate at the time, so I was more or less more focused on ensuring that things were done legally at the time.

Mr. David Zimmer: But you still felt it was—

Ms. Maria Renzella: Well, I knew that there was definitely this conflict between the two.

Mr. David Zimmer: In the Attorney General's report, he was critical of the mark-up on the rent—

Interjection.

Mr. David Zimmer: I'm sorry, the Auditor General.

Mr. Jeff Leal: Jim just thought he got a promotion.

Mr. David Zimmer: Yes. Sorry.

Mrs. Liz Sandals: Or a demotion, whatever.

Mr. David Zimmer: He was critical of some of the pricing services that Ornge paid, particularly this busi-

ness of the rent, marking up the rent. Did you share that sentiment also?

Ms. Maria Renzella: You see, I was not involved in any of that, so I'm not a valuator by any chance. I understood that a valuator was selected, and I just don't have the knowledge to be able to question it at the time.

Mr. David Zimmer: So at the time, you had no knowledge that the rent paid was way above market rent?

Ms. Maria Renzella: No. All I knew was that there was a valuator who provided a value of, I believe it was, \$20 and that there was a comfort letter provided by a—

Mr. David Zimmer: So when Ornge purchased services from Ornge Global, who decided what the cost of those services would be?

Ms. Maria Renzella: So the way things were done was, you looked at—it was almost as if Ornge was one entity. Sorry, is that okay? It was almost as if Ornge was one entity. So Ornge received a budget of \$150 million and then every piece was apportioned. Aviation was given a portion, the back office was given a portion etc. Everything was done at cost, so it was almost like a bottom-up, cost-centred budgeting arrangement. There was no—

Mr. David Zimmer: And who decided what those costs were?

Ms. Maria Renzella: Each one of the people who ran those areas—we did a bottom-up: “So how much do you think it would cost to do this and that?”

Mr. David Zimmer: And did Dr. Mazza review those—

Ms. Maria Renzella: Dr. Mazza would review the cost estimates. We would have to balance against the budget. Dr. Mazza would review the cost estimates and then they were presented to the finance and audit committee of the board to ensure that they knew what the breakdown was. But everything was done at cost.

Mr. David Zimmer: And did Dr. Mazza ever adjust those costing figures that he got from the staff?

Ms. Maria Renzella: No, no. It was a collaborative effort between myself, Rick Potter, Tom Lepine, in most cases, where we would go through to determine what the cost—

Mr. David Zimmer: But did Dr. Mazza ever interfere or change those costing—

Ms. Maria Renzella: He would tell me what the targets were—

Mr. David Zimmer: Aha.

Ms. Maria Renzella: —to ensure that there would be—like, if he needed some money for himself, like \$1 million.

Mr. David Zimmer: So he set the targets and the staff, under you, worked to those targets.

Ms. Maria Renzella: Yes.

Mr. David Zimmer: All right. Thank you.

Mr. Potter also said that as the executive who was accountable to Transport Canada, he was having real trouble proving, showing, demonstrating to Transport Canada Ornge's source of funding to run its aviation

operations. Do you know why? Can you shed some light on why he was having trouble?

Ms. Maria Renzella: I read that and I kept wondering, because I worked with Rick quite closely in ensuring that he had the financial resources he required to run the organization. Again, we were in a transitional time period, so a lot of the costs were not known and they were guesstimates.

Mr. David Zimmer: But his concern was not so much the costs themselves; it was the source of the funding for those costs.

Ms. Maria Renzella: He knew that they were coming from Ornge. I am not sure why he was confused, but all of those—the funds that were used to fund the day-to-day operations of Ornge Air were coming from Ornge and he was given a budget to work within. Any funds that were required for any capital, because there were still additional modifications, other software etc.—those were usually done out of the bonds money, because that was—

Mr. David Zimmer: Mr. Potter made it quite clear in his evidence from time to time that he was the aviation guy. He wasn't the medical person or the business person. He also said he had great difficulty understanding the corporate structure and the financial comings and goings and all of that sort of stuff. Would you agree with that?

1350

Ms. Maria Renzella: I thought he did understand it. I think when we moved it to the more complex structure we were still working out things, but the general—but it was the same; right? So I just—

Mr. David Zimmer: Okay. You know, it's a principle of business management that often the best management chart, if you will, is the simplest, the clearest chart that everybody can clearly understand: Who's doing what and who reports to who and all that sort of stuff. In your testimony, you just finished using the words, “It was a very complex structure.” You used that sort of phrase throughout your testimony.

Ms. Maria Renzella: Yeah.

Mr. David Zimmer: Given your business background, your MBA, your commerce degree, your CA degree, you must have thought, “This corporate structure is complex to the point of actually being a disservice to what we're trying to do here; it's just too unwieldy, too difficult to understand, too difficult to put your finger on accountability and all of that stuff.”

Ms. Maria Renzella: The focus at the beginning was definitely to set up a corporate structure. As I understood, the mandate was to set up this corporate structure. The organization was looking for investors on the global side, and there were a number and multitude of reasons why they had to set up this complex structure, and I agree with that. And it was a bit unwieldy, as you're trying to figure out who's doing—I tried to simplify a lot of it from pulling away from a financial perspective, but my hope and where I was going down the road, should I have stayed at the organization longer, would have been to try

to simplify that structure. But it was just early in the game. We were still trying to implement—

Mr. David Zimmer: You know, I had a conversation with some management expert friends of mine—they do some teaching—and this thought was offered, so I'll throw it out to you: "You know, in my MBA program, teaching in an MBA program, if I had an MBA student or a couple of students who came to me with a project with a corporate structure as complicated, as unwieldy, as unaccountable as the world of Ornge, I'd fail them all."

Do you have any sense that that complex structure failed the people of Ontario and would fail if you wrote it up as an MBA case study? Would you have the nerve to do a case study and turn it in to a professor at Schulich or Kellogg and say, "Here's a corporate structure. What do you think of it, Professor?"

Ms. Maria Renzella: From a business perspective, the corporate structure was complex. It was more generated due to tax accounting and regulatory—

Mr. David Zimmer: Would you have the courage to turn that kind of a corporate structure into an MBA case study?

Ms. Maria Renzella: I would have simplified it.

Mr. David Zimmer: Thank you.

The Chair (Mr. Norm Miller): You still have another three and a half minutes.

Mr. David Zimmer: Oh, well, let me root around here a bit. Ah. Thank you, Chair, for giving me this chance.

You know, one of the ideas on the Ornge thing was to set up the for-profits away from the not-for-profit, speaking broadly, and in theory, the profits were going to generate some income and some of that was going to come back to the province, to the non-profit, about 3%. Did any of that projected 3% ever work its way back to Ornge, back to the public purse?

Ms. Maria Renzella: I just want to make sure I understood. So, as you're aware, there were no revenues that were generated external, so there was no money yet—right?—but should, let's say, the right-hand side have become profitable and—

Mr. David Zimmer: On any business plan where you go to the bank with your business plan and you lay out the plan when the revenues are going to come in, the bank looks at it and says, "Give us the time frame when you're expecting the payback"—the 3%, in this case. On your business plan, looking ahead, when were you anticipating the first flow of money back to the non-profit?

Ms. Maria Renzella: The way the agreement worked, if I remember correctly, there was a three-year holiday period and then it was going to flow back. The plan, again, as I remember—as in any plan, it's made of assumptions, etc. I think it was within the first year that they were going to generate revenue, should things—

Mr. David Zimmer: And it's that same sort of business plan where you've got the revenue stream several years down the road and it's only a paltry little 3%, and that was the business plan.

Ms. Maria Renzella: It's 3% of the gross revenue, and I also understand that there was a pledge agreement, so any of the profits that would go to the partners that moved up, that would be pledged back to Ornge.

Mr. David Zimmer: In your theoretical business plan that you might submit to the professor at the MBA school, if you had a 3% payback that you were expecting to get some years down the road in an unwieldy and complex and unaccountable organization, do you think that you'd get much more than an F in an MBA class for that business model?

Ms. Maria Renzella: I think you would look at what the return should have been, and I think you needed to look at a number of things.

Mr. David Zimmer: What do you think the return should have been?

Ms. Maria Renzella: Well, it depends on your risks, as you would say; the risks that the organization would take. As in any risks, you would determine your rate of return. The higher the risk, the higher the return.

Mr. David Zimmer: Did you use any of your work experience, the things you were working on at Ornge, for your MBA case studies? You did your MBA in 2010.

Ms. Maria Renzella: Yes, 2009-10.

Mr. David Zimmer: So you did some case studies?

Ms. Maria Renzella: Right.

Mr. David Zimmer: Did you have the courage to use any Ornge things you were working on as good examples?

Ms. Maria Renzella: What I would do was, I applied the tools given to me at the MBA school to Ornge examples. For instance, I used it to help determine what were good performance metrics for Ornge, and that was going to be a way to get a—

The Chair (Mr. Norm Miller): We are out of time now, so we'll move to the opposition. You have 15 minutes. Mr. Klees?

Mr. Frank Klees: Thank you, Mr. Chair. Ms. Renzella, I have just a few housekeeping items I'd like to deal with. First of all, Mr. Potter. I'm not sure why your testimony is so very different on so many things from Mr. Potter's. He's such an affable guy; you're such a nice lady.

Ms. Maria Renzella: We got along.

Mr. Frank Klees: Somewhere, I would have expected that we would get the truth. Mr. Potter insisted, through three questions, that his paycheque has always been with Ornge Air. It was never paid by any other entity of Ornge. Can you confirm that?

Ms. Maria Renzella: He was paid by Ornge Air when Ornge Air was created. However, prior to Ornge Air being created, he was an employee of Ornge in Ornge Peel.

Mr. Frank Klees: Thank you for that. We'll deal with Mr. Potter on that.

Mr. Luis Navas: Can you tell us, just very briefly, what role he had at Ornge?

Ms. Maria Renzella: Luis was head of the—we called it the global solutions business, but he was in

essence head of the for-profit: getting it established, developing the business plans, doing the sales. So he was the point person after Chris, reporting to Chris, to actually focus on developing the profits that we're talking about.

Mr. Frank Klees: And I suppose that's why we have a letter on hand that he personally signed as the chief operating officer of Ornge Global.

Ms. Maria Renzella: Yes.

Mr. Frank Klees: And he was the chief operating officer of Global?

Ms. Maria Renzella: Of Ornge Global Solutions. Yes, he was.

Mr. Frank Klees: It's interesting, of course, that he denies that he was ever the chief operating officer of global Ornge. Interesting. Anyway, thanks. We'll deal with him on that.

I'd like to talk about Alfred Apps and Don Guy. You were very much part of their communication. How can I put it? Certainly you're on many of the email trails. There was a particular email that was sent directly to you by Mr. Apps, copied to Tom Rothfels, John MacKenzie and Christopher Mazza. I'd like to read it to you.

1400

Ms. Maria Renzella: Okay.

Mr. Frank Klees: It says, "Last nite"—

Mrs. Liz Sandals: Do you have a copy?

Mr. Frank Klees: You all have it.

Mrs. Liz Sandals: But does the witness have it?

Interjection.

Mr. Frank Klees: She doesn't mind if I read it, and I'm happy to pass it on. I will read it first, if you don't mind.

The subject is "Last Nite."

Ms. Maria Renzella: Okay.

Mr. Frank Klees: Does that bring anything to mind?

Ms. Maria Renzella: No.

Mr. Frank Klees: No, okay.

Ms. Maria Renzella: Do you have a date?

Mr. Frank Klees: It says, "Friends"—

Mr. David Zimmer: Wait a second. I think we—

Mr. Frank Klees: It says, "Friends: Last nite worked perfectly. Chris was able to make a real connection with the Premier, and to lay out"—

Mr. David Zimmer: Chair.

The Chair (Mr. Norm Miller): Hang on a second.

Interjection.

The Chair (Mr. Norm Miller): Can we get a copy made?

Mr. Frank Klees: Well, sure we can.

The Chair (Mr. Norm Miller): You can go on to something else.

Mr. Frank Klees: We'll get a copy for you. In the meantime, I'll ask if you—

The Chair (Mr. Norm Miller): We'll come back to that, Mr. Klees. We'll get a copy. If you want to continue with something else.

Mr. Frank Klees: Sure. Let's switch to 2007. By the way, is Mr. Zimmer on retainer to you here? No?

Mr. David Zimmer: Frank's complimenting me.

Mr. Frank Klees: During 2007-08, I understand that there was an additional request made to the Ministry of Health for \$5 million in funding. This is over and above the operational costs. Does that ring a bell? You're familiar with that?

Ms. Maria Renzella: Yes.

Mr. Frank Klees: What was the reason for requesting that additional \$5 million in funding?

Ms. Maria Renzella: If it's the example I was thinking of, this was where we had—the organization had underspent on their land ambulance side. Remember, there was this CCLA? There was a land ambulance. There was a request to be able to use the \$5 million on the air side, as the organization was going forward and transitioning to new aircraft and dealing with some of the standing-offer-agreement issues and some fuel issues. But it was mostly in relation to getting ready for the transitioning to new aircraft.

Mr. Frank Klees: Okay. Well, I'm not sure we're talking about the same—

Ms. Maria Renzella: Okay, so that's why I'm just trying to remember what that is. If there was a letter, that would be great.

Mr. Frank Klees: Okay. But let's say that that may even have been the case.

Ms. Maria Renzella: Okay, sure.

Mr. Frank Klees: My understanding is that there was an additional \$5 million of funding requested from the Ministry of Health, and at the same time—my understanding is that it was to pay for aviation costs.

Ms. Maria Renzella: Right.

Mr. Frank Klees: It rings a bell?

Ms. Maria Renzella: Yes. Yes.

Mr. Frank Klees: The additional aviation costs because of the increase in prices.

Ms. Maria Renzella: Yes.

Mr. Frank Klees: Was the Ministry of Health aware that at the same time that Ornge made the request for the additional \$5 million of funding, Ornge had a surplus, on deposit with Nesbitt Burns, in the amount of some \$30 million?

Ms. Maria Renzella: Oh, they would have been aware because it would have been in our cash balance, which is shown in the financial statements. But the \$30 million, what was in Ornge's bank account, would have represented—a large amount of it was working capital and some other depreciation. So you've got cash and then you have accounting profits, so there would have been a difference between the two there.

Mr. Frank Klees: It's very interesting that the Ministry of Health would have approved an additional \$5 million of funding to pay for fuel, knowing that there was \$30 million on deposit in another bank account of surplus funds, so designated. Does that not strike you, as the chief financial officer, as somewhat strange?

Ms. Maria Renzella: Well, they had access to all the records and it was their determination whether they were

willing to give the \$5 million. But we looked at it from an accounting perspective.

Mr. Frank Klees: And you're confirming for us that, at that time, the Ministry of Health was fully aware that there was \$30 million in a Nesbitt Burns account?

Ms. Maria Renzella: It would have been in the—we provide annual financial statements.

Mr. Frank Klees: I understand you do that.

Ms. Maria Renzella: The \$30 million would have been disclosed in those financial statements.

Mr. Frank Klees: That's not my question.

Ms. Maria Renzella: Yes.

Mr. Frank Klees: My question is, at the time, which was mid-year—

Ms. Maria Renzella: Would they have known that?

Mr. Frank Klees: —would they have known that there was \$30 million of surplus funds in a segregated account at Nesbitt Burns while you made the request for \$5 million of additional funding?

Ms. Maria Renzella: I would have assumed that they would have looked at the financial statements from the year before.

Mr. Frank Klees: Okay, can you tell us how that \$30 million was ultimately drawn down? What was it used for?

Ms. Maria Renzella: The \$30 million: Part of it was working capital, so that would always represent at least a month of operating expenses, because you're always delayed by a month. The government pays you a month in advance; right? So the organization would always have funds in the bank, because they would always be in a positive working capital situation.

Mr. Frank Klees: Then why was this totally drawn down in 2008?

Ms. Maria Renzella: Because some of it was moved from the Nesbitt Burns account to the TD Bank. But it was all within the same bank account.

Mr. Frank Klees: Those funds would have been drawn down with your approval.

Ms. Maria Renzella: Yes, they would have been.

Mr. Frank Klees: So, the \$30 million: Why was it drawn down out of Nesbitt Burns?

Ms. Maria Renzella: If I had my financial statements in front of me, I would be able to track the numbers and understand how I did the flow of funds at the time.

Mr. Frank Klees: Thirty million is a lot of money. I can't imagine that you would not remember why \$30 million from—

Ms. Maria Renzella: From Nesbitt Burns.

Mr. Frank Klees: Nesbitt Burns to TD—

Ms. Maria Renzella: Oh. At the time—and I will tell you, because I was getting a better deal from TD on interest rates than what Nesbitt Burns was offering me at the time.

Mr. Frank Klees: So the full \$30 million was shifted over to the TD Bank.

Ms. Maria Renzella: Slowly. As certain things were expiring, then we slowly moved it over to the TD.

Mr. Frank Klees: Is it still there?

Ms. Maria Renzella: Do we still have some money? Does the organization still have money at Nesbitt Burns? I think they still had some money left with Nesbitt Burns, yes.

Mr. Frank Klees: What happened to the \$30 million? I mean, that's a lot of money.

Ms. Maria Renzella: A lot of it went into paying off the expenses and the principal and interest. Right?

Mr. Frank Klees: Was any of that money used for the for-profit side?

Ms. Maria Renzella: No. No.

Mr. Frank Klees: Never transferred?

Ms. Maria Renzella: No. No.

Mr. Frank Klees: Okay. And \$30 million is still there?

Ms. Maria Renzella: I wouldn't say \$30 million is there. I believe it would have gone down to reflect whatever the working capital is now.

Mr. Frank Klees: Can I ask about, while we're waiting for this—

Ms. Maria Renzella: No, I have it right here.

Mr. Frank Klees: Is it here now? Okay. I don't see it. Can someone give me a copy now?

Interjection: It's there.

Mr. Frank Klees: Thank you.

So it says: "Last nite worked perfectly. Chris was able to make a real connection with the Premier, and to lay out the success story of Ornge at a high level in a way that provides the groundwork for our entire initiative."

"Once we have massaged the game plan past the Minister of Health, I will organize a follow-up private dinner for Chris with the Premier so that he can outline the vision and the game plan in greater detail."

"It could not have gone better." Signed, Alfred Apps.

Now, this was directed to you. It was to you and Mr. Blum. Can you tell us about this email and what exactly it was that you were trying to achieve there?

Ms. Maria Renzella: It was 2007, in the summer, so I would assume this was about the acquisition of the aircraft and getting that ready. I think that was the first, because that summer was the summer when we started looking at acquiring aircraft. Then I wasn't sure, also, if they started talking about trying to raise the awareness of what Ornge was, maybe to lay the groundwork, that maybe in future they were looking at some revenue-generating opportunities.

Mr. Frank Klees: I would assume, from the fact that Mr. Apps is sending you this email, that you would have been involved, probably, in the pre-discussions, when you discussed about Alfred setting up this meeting with the Premier.

Ms. Maria Renzella: Most of my discussions with Alfred were very high-level.

Mr. Frank Klees: That's pretty high.

Ms. Maria Renzella: Yeah, that's pretty high, and it was just—

Mr. Frank Klees: It doesn't get any higher than the Premier.

Ms. Maria Renzella: No, no, no. I meant high-level in the discussions and in the details. He was just letting us know that he had set this up.

Mr. Frank Klees: But you would have been aware that Alfred was setting this meeting up with the Premier.

Ms. Maria Renzella: Yup.

Mr. Frank Klees: Yes?

Ms. Maria Renzella: Yes, yes, I would have been. He would have told us, yes.

Mr. Frank Klees: This is not something unique. I mean, Alfred was a key player. I understand from even his discussions that in terms of that corporate structure, a lot of that tax planning, that he was really the brainchild behind that. Is that correct?

Ms. Maria Renzella: Yes, he was.

Mr. Frank Klees: Yes. And I would think that in the course of that, there would have been a number of other meetings that he would have arranged, with—whether it's the Premier, the Minister of Health or the Ministry of Finance.

Ms. Maria Renzella: I wouldn't know. My focus at the time was—as life continued on, my conduit was just trying to figure out how to do the corporate restructuring and addressing issues he would have raised in the specifics. A lot of the higher-level and discussions with government—I would assume he would have dealt with Dr. Mazza directly and not with me. I was not involved in any of those.

Mr. Frank Klees: What about Mr. Guy? Did you ever meet Mr. Guy?

Ms. Maria Renzella: Mister who?

Mr. Frank Klees: Guy, Don Guy?

1410

Ms. Maria Renzella: I met him in passing, but never purposefully.

Mr. Frank Klees: Okay. Any meetings that you would have participated in where perhaps he was on the phone in a conference call?

Ms. Maria Renzella: I'm just trying to think through. Most of the dealings with Don Guy occurred when we actually had Catherine Rosebrugh working for us, so I wasn't as engaged at that level at that point in time. I was more in the back end, working out finances.

Mr. Frank Klees: On the issues of lawyers, you mentioned—we're going to go back to the marketing agreement.

Ms. Maria Renzella: Okay.

Mr. Frank Klees: You mentioned that you were running this by lawyers—

The Chair (Mr. Norm Miller): You have two minutes.

Mr. Frank Klees: The first set of lawyers who said it would be illegal to do what you were contemplating to do: Who were those lawyers?

Ms. Maria Renzella: The same—Fasken's.

Mr. Frank Klees: Fasken's. And what about Cynthia Heinz?

Ms. Maria Renzella: Cindy was the lead lawyer at Fasken's—

Mr. Frank Klees: Did she tell you as well that this was—

Ms. Maria Renzella: Yes, yes. Most of my discussions with Fasken's would occur between—I would pick up the phone and call Cindy or talk to her directly. Then she would go to her subject-matter experts at the firm as I was trying to raise issues—

Mr. Frank Klees: When did Cindy Heinz come to work directly at Ornge?

Ms. Maria Renzella: June 2011.

Mr. Frank Klees: Okay. Did she have a hand in actually structuring the marketing services agreement? Were her hands on this? Would she have been the lawyer or the point person?

Ms. Maria Renzella: She was the lawyer who wrote out the agreement, working with our marketing folks at the time.

Mr. Frank Klees: Okay. So initially, she said that this was illegal. Then she would have been the point person who said, "Okay, we can cobble this together, and this will make it all okay." Is that right?

Ms. Maria Renzella: She said that—yes, she said that that was the case and that we just needed to work through the services and we had to ensure that there were actual services being rendered for the value. She was very careful on that.

Mr. Frank Klees: My final question to you is: The director of regulatory affairs at Ornge—I'm assuming that that person would be responsible for briefing the Minister of Health or the Ministry of Health on what is going on and would be the liaison with government. Is that a fair assumption?

Ms. Maria Renzella: A fair assumption.

Mr. Frank Klees: Who is that director of regulatory affairs?

Ms. Maria Renzella: Presently?

Mr. Frank Klees: Yes.

Ms. Maria Renzella: I don't know, because I don't know if the person has left the organization. When I left, the director of regulatory affairs was a young lady called Lisa Kirbie.

Mr. Frank Klees: Lisa Kirbie?

Ms. Maria Renzella: Yes.

Mr. Frank Klees: And what was her background before she came to Ornge?

Ms. Maria Renzella: I believe she was working in the Senate office out in Ottawa. She worked for the feds at that point in time.

The Chair (Mr. Norm Miller): You are out of time, Mr. Klees. We'll move on to the NDP, please.

M^{me} France Gélinas: I'll let her answer the question.

The Chair (Mr. Norm Miller): Okay, go ahead.

Mr. Frank Klees: I was just going to say, prior to that?

Ms. Maria Renzella: I don't know. I did not interview Lisa, so I did not go through her resumé at the time.

Mr. Frank Klees: Thank you very much.

The Chair (Mr. Norm Miller): Ms. Gélinas.

M^{me} France Gélinas: A few more questions: You handled the financial part as part of senior management at Ornge. Through the times you were there, you were quite successful in getting the Ministry of Health to increase your budget year to year. Did that require any negotiations with the ministry? How did you convince them that you needed your budget increased when a lot of other transfer payment agencies had their budget frozen?

Ms. Maria Renzella: The first three years I was there, the budget increases had already been reflected in the performance agreement. So there was no need to ask; it was already stated in the performance agreement. Come the fourth year—and I'm just going from memory and doing my math, and 2009 would be the first year—we would prepare our budgets, but a lot of the requests and discussions actually happened between Dr. Mazza and the ministry at the time. We would prepare the documentation, he would have some secondary conversations with them, and we received what we received. I went through the normal—you know, the results-based planning. For instance, last year we went through, and we had assumed—we asked for a 3.5% increase; we received the same as the rest of the organizations, which was 2%.

M^{me} France Gélinas: So you were treated like every other transfer payment agency of the Ministry of Health.

Ms. Maria Renzella: Everybody else, yes. Yes.

M^{me} France Gélinas: The only difference is that in 2009, you were able to negotiate a higher increase than the rest of the transfer payment—

Ms. Maria Renzella: Right. From what I understand, we did, but that was a discussion that Dr. Mazza would have had.

M^{me} France Gélinas: Do you know who Dr. Mazza talked to at the Ministry of Health?

Ms. Maria Renzella: I would assume he would have talked to Malcolm Bates at the time.

M^{me} France Gélinas: That would be his—Malcolm Bates?

Ms. Maria Renzella: Yes.

M^{me} France Gélinas: Were you asked to prepare any financial information to justify the budget increase?

Ms. Maria Renzella: No. All I ever did was go through a results-based planning exercise and just went through those increases, and by virtue of doing the bottom-up, that's how you justified how much you needed.

M^{me} France Gélinas: Okay. In the documents that would have been presented, did they at any point make reference to Ornge Peel?

Ms. Maria Renzella: All my documents were consolidated, so Ornge Peel was always in there.

M^{me} France Gélinas: It was always in there?

Ms. Maria Renzella: It was always included in there. Yes, it was.

We also showed that we were looking at generating revenue in all of those documents, too, that were presented to the ministry.

M^{me} France Gélinas: So would it be fair to say that step by step, as the for-profit entities were being developed for profit yet to come, all of this corporate structure was being shown through your financial statements and through your financial documents?

Ms. Maria Renzella: Just to clarify, the corporate structure prior to December 31, 2010, up to that point, was all within that Ornge. So everything was together. Ornge Peel, at that time, was part of that structure. Come January 2011—so it's only been this past year—that's when things started to be disaggregated, at that point, where you had a for-profit side and a not-for-profit side. At that point, the elements of any potential revenue or expenses that were not being borne were not included in those numbers. But this was the first year we ever did that, and we were trying to explain that.

M^{me} France Gélinas: So when you say that Ornge Peel was included—

Ms. Maria Renzella: Yes.

M^{me} France Gélinas: But Ornge Peel was an independent corporation?

Ms. Maria Renzella: It was an independent legal organization up to 2010, but it was owned by Ornge. So it was all part of the same family of companies. From a financial perspective, it was fully consolidated.

M^{me} France Gélinas: Okay.

During the estimates in 2009—estimates is a process we have here where the opposition gets to ask the Minister of Health all the questions we want—we put on the record 42 different questions that had to do with Ornge. The minister was not able to answer any of those questions. Ms. Li was there at the time; a number of people from emergency medical services were also there. They were not able to answer any of those questions, but they promised us that they would get the answers.

Did you know that a lot of questions had been asked? Have any of those questions ever filtered down to you? Did they ever ask you? Some of the questions were to explain the corporate structure between Ornge Air and Ornge Peel, for example—that was one of the 42 questions.

Ms. Maria Renzella: No, I don't remember receiving the list of questions.

M^{me} France Gélinas: So none of this was ever asked of you?

Ms. Maria Renzella: I don't remember seeing any of it, so I'm really thinking that through, and I don't remember. No, because I would have remembered answering the questions, obviously, and sitting down and walking through.

I do know that we had a meeting, which was part of our quarterly meeting, where we were presenting our proposed budgets; that was in the fall of 2010. That's when I first met Patricia Li, and she asked me to explain the corporate structure at that point, and we talked about some of those things. But I'm trying to remember if there were those specific questions.

M^{me} France Gélinas: After your meeting with Ms. Li, were you under the impression that she understood?

Ms. Maria Renzella: Yes.

M^{me} France Gélinas: She didn't come back with more questions?

Ms. Maria Renzella: No.

M^{me} France Gélinas: She was clear as to what you had had to say?

Ms. Maria Renzella: Yes, and again, the door was always open.

In addition, we've always presented to everyone the offering memorandum that we issued when we did the bond issue, because that was a really nice document that explained what the organization was, how the corporate structure worked and how the interactions between all the organizations were. It also provided a brief explanation as to some key contracts and stuff. So I also believe that that was a really good wealth of information for people.

M^{me} France Gélinas: And that was shared with the people at the ministry?

Ms. Maria Renzella: Yes.

Mr. Jagmeet Singh: Just building on that last point, Patricia Li specifically inquired about the corporate structure. Do you know what her questions were?

Ms. Maria Renzella: It was in a quarterly meeting, so she just asked me, "Maria, could you explain how the corporate structure works?" It wasn't asked before, so it was one of these informal—I stood up in front of a board and just sort of wrote it out for her at that point in time.

Mr. Jagmeet Singh: Okay. What date would that have been, roughly? Or what year, let's say?

Ms. Maria Renzella: I'm thinking it was October/November 2010.

Mr. Jagmeet Singh: Okay. Would you have had any correspondence to follow up, like any emails?

1420

Ms. Maria Renzella: No. There was always, at the end of those meetings, sort of a bit of a minute-taking that happens that says, "This is what we talked about at these meetings, and these are the action items."

Mr. Jagmeet Singh: Do you know who would have those minutes?

Ms. Maria Renzella: It would have been Michael LeGros.

Mr. Jagmeet Singh: Michael LeGros?

Ms. Maria Renzella: On the ministry side.

Mr. Jagmeet Singh: On the ministry side, okay.

There were a number of purchases and a kind of direction that Ornge was taking, and I wanted you to comment, as an employee there, on the water ski boat, the OC Chopper motorcycle, these purchases, and their costs. I mean, what was your opinion on them?

Ms. Maria Renzella: The water ski boat was purchased for the charitable organization called J Smarts. Again, you could not use performance agreement money. There were monies that were generated from tuition revenues that we used to loan to J Smarts at the time to help buy the boat. The negotiation, the purchase of the boat, was all done by Dr. Mazza at the time.

With regard to the chopper, that was part of a fundraising event that was positioned to the board. I believe

Dr. Mazza thought it was a neat idea to partner with a company called Orange County Choppers—Orange, Ornge; Choppers, choppers—and wanted to use that as a way to kick-start fundraising for the foundation. So when that occurred, they talked a lot about—I guess as part of the show, the show manufactures motorcycles, and you have to pay the show X dollars of money and they get a trophy bike and another bike. In order to do that, we were advised at the time not to use the money from the foundation, so the organization actually went to ask Augusta to finance the acquisition of that. But there was a whole presentation made to the board of the foundation to say whether this was a good idea, if that was an appropriate use of funds.

Mr. Jagmeet Singh: So just a couple of pieces there. One was: Augusta funded the motorcycle?

Ms. Maria Renzella: Yes.

Mr. Jagmeet Singh: And the board was aware of these decisions that were being made?

Ms. Maria Renzella: Yes.

Mr. Jagmeet Singh: And was the ministry apprised along the way of this—

Ms. Maria Renzella: That one I couldn't tell you—no, they were, because what happened was, when they launched the motorcycle, the fellow that heads that show, Paul Teutul, Sr., came. It was at the Blue Jays game. So when they came, there were some ministry officials there, so yes. There were people who were apprised, and they went there, and there was media, so the organization was trying to make a big splash with it.

Mr. Jagmeet Singh: Do you recall who from the ministry—

Ms. Maria Renzella: No, I wouldn't know. Again, I wasn't part of that whole—

Mr. Jagmeet Singh: There has been some indication—so whenever decisions were made, you would go through the lawyers to ensure that everything was legal; you've been saying that. When the issue of salary disclosure came up, again, did you go to the lawyers to ask the lawyers' confirmation about whether or not salary should be disclosed?

Ms. Maria Renzella: At the time when that happened—it wasn't me specifically. I believe—it might have been Jacob at the time who went and asked them specifically whether that was legal, but, you know, it did come through to me how it worked out. I'm just trying to remember who asked who, but it was either me or Jacob.

Mr. Jagmeet Singh: Okay. Now, specifically, Lynne Golding has testified that she did not think that the salaries should be—I mean, she indicated, she testified that the salaries should be disclosed, that they should not be kept off the sunshine list or not kept hidden. Would you agree with that?

Ms. Maria Renzella: Would I agree that she said that?

Mr. Jagmeet Singh: That's what she—

Ms. Maria Renzella: I believe she said that, because Lynne would have said legally it was fine, and then she would have offered that other piece of advice, but, again,

that would have gone to Chris, and it was his decision point.

Mr. Jagmeet Singh: Did you recall hearing that advice? I mean, is that something—

Ms. Maria Renzella: I just heard the one thing, but I also believe I've heard that she had said that in subsequent discussions.

Mr. Jagmeet Singh: That the salaries should be disclosed?

Ms. Maria Renzella: Yes, yes, that that was her opinion. That would be something—yes, I believe I've heard that.

M^{me} France Gélinas: Did you ever bring that discussion to your quarterly meeting with the ministry? I mean, here we are; I'm representing the NDP. We're trying to find out what happened to the salaries, why were they taken off. We filed freedom-of-access. Patricia Li is the one who handles this. You meet with her regularly, and squat, bugger all, nothing was ever said?

Ms. Maria Renzella: No, nothing was ever said. Now, I do also understand that—as you know, the organization had gone through an audit from the Ministry of Health, their internal audit department. So a company called MNP had audited us. I understand that Dr. Mazza was quite open with them and told them that we were not on the public salary disclosure list at that point in time. That was also discussed with those auditors at that time.

M^{me} France Gélinas: Did you understand why?

Ms. Maria Renzella: Why Dr. Mazza did not want to be on there? I think for him, it was a privacy issue.

M^{me} France Gélinas: Did you ever have this discussion with him?

Ms. Maria Renzella: No, I did not. When it came to compensation, he was very sensitive.

M^{me} France Gélinas: Was he the only one in the organization like that?

Ms. Maria Renzella: Yes.

M^{me} France Gélinas: But nobody else had their salary disclosed? If he didn't want to have his, what would have kept—

Ms. Maria Renzella: I think it was one of these—you needed to—he was making the decision on behalf of the organization.

Mr. Jagmeet Singh: Mr. Potter has indicated—and the fact is, that his salary was disclosed up until 2008. After 2009, his salary was no longer disclosed. What changed between 2008 and 2009 that precluded his salary from being disclosed?

Ms. Maria Renzella: He was moved out of Ornge. He was transferred into either Ornge Peel or Ornge Air at that time.

Mr. Jagmeet Singh: But my understanding is that he has always been paid by Ornge Air.

Ms. Maria Renzella: But Ornge Air didn't exist in 2007, so he couldn't have been, right?

Mr. Jagmeet Singh: It didn't exist in 2007.

Ms. Maria Renzella: No.

Mr. Jagmeet Singh: Did it exist in 2008?

Ms. Maria Renzella: No. I think the organization was set up in the spring of 2009, around that time frame.

Mr. Jagmeet Singh: Okay.

M^{me} France Gélinas: When you say “Ornge Air,” is this one of the for-profit companies?

Ms. Maria Renzella: It was a company that had to be created to house the fixed-wing operations. So it was created legally. We called it a for-profit because a not-for-profit requires all these objects etc., but it never generated profit. It was just a separate entity indirectly owned by Ornge at the time. But it had to be a separate legal entity because of the operating certificate and some of those regulations around that.

Mr. Jagmeet Singh: Didn't it seem to you that this was just all a roundabout way of hiding salaries, that this is public money that's going to a publicly funded organization? All of its funding is essentially public. All the for-profit—there's no real revenue being generated. It's essentially public money being spent in Ornge, but then there are these entities created just to hide salaries.

Ms. Maria Renzella: Ornge Air: I would say, that was created definitely for regulatory purposes. Ornge Peel was initially created in order to house the back office and generate the revenues. Was it created too early and, again, were we doing things far too early? Possibly. I do agree that that's the case. Was there a benefit because the organization was not on the Public Sector Salary Disclosure Act because of that? Yeah, there was that benefit—I say “benefit,” but that was the outcome of that. Was that the reason for it? I wouldn't say it was a direct reason for it, but I think Dr. Mazza was quite pleased that this enabled him not to be on the sunshine list.

M^{me} France Gélinas: When other witnesses came to testify, they talked about different meetings that took place; that Mr. Apps was often at those meetings with Mr. Mazza or with other leadership of Ornge. Do you know why this particular lawyer would be chosen to come to meetings between the government and Ornge?

Ms. Maria Renzella: From my perspective, Mr. Apps understood more of what Chris wanted to do and could articulate it quite well; also, because he understood how the government worked and what the concerns were. He was also able to talk to Chris about those concerns in such a manner as to not be an alarmist with Chris. So I think it was more his relationship with Chris and his knowledge on how to work within a government setting. Chris would listen to him in that manner.

M^{me} France Gélinas: Okay. The relationship between different employees and Mr. Mazza, I take it, was tense? Only a few people were able to get through to him?

1430

Ms. Maria Renzella: Right. Chris surrounded himself with a team of people. His personality would go up and down. It would be temperamental at best. I think on one hand he tried to protect himself by not exposing himself a lot to his employees at the time, and he liked it better when that group of people, of which I was one, could go and talk to employees and work on things. He also

believed, being a CEO, he was entitled to not have to deal with certain people, that he was the CEO and the CEO only deals with other CEOs, so he had that type of leadership where he felt that he could just have to deal with the higher echelons as opposed to dealing with everybody.

M^{me} France Gélinas: Mr. Apps told us that he was the architect of the corporate structure. Would you agree with that?

Ms. Maria Renzella: That Mr. Apps was the architect of the corporate structure? Yes.

M^{me} France Gélinas: Were you ever able to fully understand this? You've probably seen it; it's part of the big memo that everybody talks about.

Ms. Maria Renzella: Yes. Right.

M^{me} France Gélinas: You're able to understand this?

Ms. Maria Renzella: There was a lot of learning. There were certain elements of it that I was still trying to understand, a lot of the details, but generally speaking, I could understand what that structure was, and the focus on my side was trying to implement that structure.

The Chair (Mr. Norm Miller): You have one minute.

M^{me} France Gélinas: Do you know anything about Ornge Brazil, which is not on this lovely map?

Ms. Maria Renzella: Yes.

M^{me} France Gélinas: What's Ornge Brazil?

Ms. Maria Renzella: The organization had developed a relationship with a company called Synergy in Brazil; it was Avianca. They were looking to set up an Ornge-type business there. In discussions with both lawyers, both in Brazil and in Canada, as well as accountants, both in Brazil and Canada, due to the taxation issues, the best way was that there had to be a company set up here that held the shares of a Brazilian company in Brazil, so it was just more for tax reasons.

M^{me} France Gélinas: And did anything ever come of it? Did they ever hold shares?

Ms. Maria Renzella: No. The organization was close to signing an agreement in December, but with all the media—and eventually we just wound everything up. But there were agreements that were almost put in place that they were negotiating.

The Chair (Mr. Norm Miller): Thank you. You're done the time for that round.

I have a question for the committee, and that is, there are two motions that would be good to deal with today. Would you like to allow five minutes at the end of the committee? In other words, quit at five to 3 and deal with both those motions then? Is that fine with everyone?

Mrs. Liz Sandals: Yes, five minutes at the end.

The Chair (Mr. Norm Miller): Okay. Very well, then. We will continue. You'll have six minutes then, so we'll move on to the government members and Mr. Zimmer.

Mr. David Zimmer: From time to time, in your evidence, when you're trying to explain things, you've said you're trying to explain these issues between Ornge not-for-profit and Ornge for-profits. You've come back to

this idea that, in one sense, it was one organization, although they were parcelled out, not-for-profit, profit, and so on. The Auditor General in his report said that he had great difficulty accessing information from those entities on the for-profit side. So my question is, in looking back, in hindsight, do you think it was appropriate for the corporate structure to be set up in such a way that this sort of big Ornge family was organized in a way—a not-for-profit, several for-profits—that it made it very difficult to examine the use of the public monies that were put into the big Ornge family? Do you think that was appropriate? And then to rely on, "Well, you can't have that information because that's on the for-profit," and the way the company was organized defensively—

Ms. Maria Renzella: Right.

Mr. David Zimmer: —made it hard for everybody to understand what's going on, made it hard for everybody to follow the money.

Ms. Maria Renzella: I think the focus when—no, I'll just reword that. In retrospect, I believe anything where government funds were being used should have stayed on the not-for-profit side, and then there would have been a much more clear delineation as to any revenue-generating, because the intent with the Auditor General was not to not allow them to look at—follow the money. Absolutely, they should have been allowed to see any monies that were paid for my salaries and what my salaries were.

I believe that was the direction. It was anything that had nothing to do with government money at the time that needed to be segregated. So there could have been, I would say, a much more elegant way to do it, so as it would have eased up the—follow the money.

Saying that, though, the majority of that happened in January 2011, so a lot of the review could have happened up to December 31.

Mr. David Zimmer: You say there would have been a more elegant way to do that. I take it from that that another word might have been that there was a more transparent way to do it?

Ms. Maria Renzella: That could be a better—

Mr. David Zimmer: Yes?

Ms. Maria Renzella: Yeah. That could be a better word, yeah.

Mr. David Zimmer: All right. And again in hindsight, given your background as a CA, particularly as a CA—and you're a member of the institute—and your professional obligations and all of that, do you think there was a shortcoming in exercising your professional due diligence in alerting folks or dealing with or calling into question some of these financial irregular or odd or inelegant or less-than-transparent corporate structures?

Ms. Maria Renzella: When looking at all of this, I spoke a lot with the accountants also to understand. The unfortunate part was that sometimes it was the accounting rules that created the reasons for this complexity, which was the unfortunate part. So those were the things—but I did run things by other people and asked them what they thought; right?

Mr. David Zimmer: I know accountants and lawyers, and physicians, I suppose, but especially accountants and lawyers, will often call their professional body, the Law Society or the Institute of Chartered Accountants, if they're in an ethical quandary, and ask their institute, "Can I do this? Is this proper? Is this ethical?" Were there ever any calls put in to the institute to seek their advice?

Ms. Maria Renzella: No, I made no calls. Like I said, I thought, by speaking with lawyers from a large legal firm, and a large accounting firm, that if there were any concerns, they would have been raised.

The Chair (Mr. Norm Miller): You have one minute.

Mr. David Zimmer: Thank you, Chair.

The Chair (Mr. Norm Miller): Thank you. And Ms. Sandals?

Mrs. Liz Sandals: Yes. Just one other quick question: You mentioned that when you were going through the budget allocation process, you would get the allocation from the Ministry of Health and then various branches of Ornge or the entities would get their piece of the budget for air or paramedics or land ambulance, whatever, but that Dr. Mazza asked that a certain part be set aside for his purposes. How much was that typically?

Ms. Maria Renzella: Oh, it was almost set up like a contingency fund. It would be \$1 million or half a million dollars, just to make sure—it was there to deal with any surprises.

Mrs. Liz Sandals: And during your time there, how was the contingency fund actually spent?

Ms. Maria Renzella: It was never spent. It was never spent purposefully. Like, it would be dealing with—let's say the fuel cost went up. So it would be part of that forecasting. It was almost like a certain way that you do budgeting. You always sort of set aside a little bit of money just in case—

Mrs. Liz Sandals: So it wasn't his personal purposes?

Ms. Maria Renzella: No, no, no. It was more—

Mrs. Liz Sandals: It was a corporate contingency fund?

Ms. Maria Renzella: Yeah, yeah.

The Chair (Mr. Norm Miller): Thank you. We're out of time there. Mr. Klees?

Mr. Frank Klees: How much time do we have?

The Chair (Mr. Norm Miller): You have six minutes.

1440

Mr. Frank Klees: Okay. Just a couple of things. Your executive MBA: I understand that you spent a considerable time in Europe doing that work. Is that right?

Ms. Maria Renzella: Actually I only spent four days in Europe.

Mr. Frank Klees: And at a cost of how much? The total MBA was what?

Ms. Maria Renzella: I believe it was about \$110,000.

Mr. Frank Klees: And how did you feel about that being paid for by Ornge?

Ms. Maria Renzella: First of all, I had no choice. I was basically told I needed to take my MBA or it was my job.

Mr. Frank Klees: I see.

Ms. Maria Renzella: So I had no choice at the time.

Mr. Frank Klees: Was that a taxable benefit to you?

Ms. Maria Renzella: No.

Mr. Frank Klees: Was it a taxable benefit to anyone?

Ms. Maria Renzella: No.

Mr. Frank Klees: How was that justified?

Ms. Maria Renzella: It was just like when you provide training or education to any of your employees; that's an allowable expense.

Mr. Frank Klees: Okay.

A bond offering dated January 31, the debenture, Ornge Global Real Estate Inc. with BNY Trust Co. of Canada: You recall that \$30-million debenture?

Ms. Maria Renzella: Yes.

Mr. Frank Klees: What was that taken out for?

Ms. Maria Renzella: That was, as we call it, the credit lease transaction. That was for the building.

Mr. Frank Klees: For the building. So Ornge Global Real Estate Inc. borrowed \$30 million against that real estate that had been purchased for how much?

Ms. Maria Renzella: They borrowed—well, the debenture says \$30 million, but the building was purchased for approximately \$16 million.

Mr. Frank Klees: Right. So that would have been the market value, right?

Ms. Maria Renzella: That was the market value at the time when we bought the building. You're right.

Mr. Frank Klees: And then how much later was this debenture issued?

Ms. Maria Renzella: It was issued—it would have been 18 months later.

Mr. Frank Klees: Eighteen months. That's quite an incredible—you know, through all our discussions, the numbers just keep going through the roof, don't they? It's amazing.

Here's what's particularly—I'd like to ask you this: Unless I'm reading this wrong, it looks as though there's a 25% per annum interest on this debenture.

Ms. Maria Renzella: Yeah. No, it isn't. It's about 5.2%—

Mr. Frank Klees: Really?

Ms. Maria Renzella: —the actual interest. The way these are being written up, it looks odd. It looks odd, but it's actually a 5.2% amount. As you know, the rationale for that increase in the value was basically the present value of the lease payments. That's how they were able to do that.

Mr. Frank Klees: I would think that in anybody's books what you're essentially saying is that the present value of the lease payments increases the fair market value of this property, which is why someone was willing to lend \$30 million against a building that was originally purchased for how much?

Ms. Maria Renzella: Sixteen million.

Mr. Frank Klees: Sixteen million, 18 months before. Did you not have any concerns about this transaction?

Ms. Maria Renzella: Alfred Apps was the architect of that transaction at the time.

Mr. Frank Klees: It all seems to come back to Alfred Apps, doesn't it, somehow?

Interjection.

Mr. Frank Klees: Just a lot of it.

I just have final questions. There was this deal. There was the \$275-million bond offering, all of which you knew would attract interest payments. Can you tell me where you believed that the interest payments for this debt would come from? Who would be making those payments?

Ms. Maria Renzella: Specifically with the \$275-million bond, that would have been coming from Ornge.

Mr. Frank Klees: Ornge the not-for-profit?

Ms. Maria Renzella: Ornge the not-for-profit, because that would have been what—basically it's almost like a replacement of what you used to pay the private sector, CHL or whatever, because you would pay them for the helicopters. You're just paying yourself.

Mr. Frank Klees: Except that, at the end, not only are you paying the interest, but you're also on the hook, the not-for-profit, for the \$275-million capital amount that has to be repaid at the end.

Ms. Maria Renzella: The way the organization set it up, it was an amortizing bond, so it's very similar to a mortgage. There was a payment of \$22 million or \$23 million a year, which was principal and interest. At the end of 25 years, everything was fully paid for, and the assets—being the helicopters, the planes and whatever other assets were purchased with that money—would go back to Ornge.

Mr. Frank Klees: Interesting. Not my reading of it—

Ms. Maria Renzella: Yeah, but that's how it worked.

Mr. Frank Klees: —that was one option under the agreement.

Ms. Maria Renzella: Yeah. No, that's how it worked.

Mr. Frank Klees: So are you saying that the payment that Ornge was making to the third party suppliers was the same amount that was being paid under the repayment plan for the bond offering?

Ms. Maria Renzella: What I'm saying is, the way you—you sort of replaced it. Yes, there was a payment—you could never specifically identify it with the third parties, but the way you financed the principal and interest was through the fact that you no longer paid your third party providers as much because they weren't providing you with the capital.

Mr. Frank Klees: But you are agreeing with me now that Ornge the not-for-profit is responsible for the interest payment and for the repayment of the capital of that \$275-million bond offering, correct?

Ms. Maria Renzella: Yes. Yes, it is.

Mr. Frank Klees: Are you aware that the Ministry of Finance disagrees and absolutely washes its hands of any responsibility for that bond offering?

Ms. Maria Renzella: But it was Ornge, not the ministry. Right? It's Ornge, yeah. So at the time it was Ornge only.

Mr. Frank Klees: I understand, but, you know, it's interesting that it all comes back. The ministry, on the one hand, is denying their responsibility because of how it was structured, but you knew full well that all along it was the not-for-profit Ornge organization that was responsible and would, in fact, be making the repayment on that bond offering, correct?

Ms. Maria Renzella: Correct.

Mr. Frank Klees: Thank you very much.

The Chair (Mr. Norm Miller): And you are out of time, Mr. Klees. On to the NDP: Ms. Gélinas.

M^{me} France Gélinas: I will continue with that \$275 million. There seems to be \$25 million missing. We have the Minister of Health saying she wants to know where that \$25 million is. Do you have any idea where that \$25 million—

Ms. Maria Renzella: This is the first time I've heard that there's \$25 million missing. There was—every item and every disbursement made was always supported by a receipt of some sort, so every transaction is supported. So I'm baffled by a \$25-million amount that they say is missing, because that doesn't make any sense to me. Every amount was being accounted for.

M^{me} France Gélinas: Of that \$275 million that was brought in through the bond offering while you were there, how much of it was left?

Ms. Maria Renzella: We spent the whole amount.

M^{me} France Gélinas: You spent the entire amount?

Ms. Maria Renzella: Yes, we did.

M^{me} France Gélinas: And you were paying back through this portion of interest, portion of your capital back to the people that had financed the bond through the money that was coming from the ministry to Ornge, to paying the bond?

Ms. Maria Renzella: Right, yes.

M^{me} France Gélinas: Coming back to what Mr. Klees was saying, you can see how, in the public eye, it looks like the government—this is our money; this is the people of Ontario's money—goes and transfers money to Ornge, a not-for-profit corporation, so that they can provide us with air ambulance services, and then that money is used to pay interest and capital on the bond offering that is used to purchase aircraft that a for-profit company owns. We, as in the transfer payment agency, the not-for-profit transfer payment agency, did not own those aircraft. It was a separate entity, a for-profit entity, that owned it. Where am I going wrong?

Ms. Maria Renzella: So it wasn't a for-profit; it's a trust that presently owns the aircraft, but the beneficiary of the trust is Ornge. So once the assets are fully paid off, those assets go back to Ornge, and they do become Ornge's property assets.

M^{me} France Gélinas: In the same way that if the payment is not done, it becomes Ornge's responsibility to make the payment—

Ms. Maria Renzella: Let me clarify that. So the question is, if there is no payment—in most cases, there would be no payment. Let's say the performance agreement was terminated with Ornge, and Ornge couldn't make its payment at that point in time. Then the question is, what recourse do the bond holders have? Do they go after Ornge? Well, if the performance agreement is terminated with Ornge, Ornge basically is insolvent, so there's no money to go for there. So therefore, the bond holders—the only thing they have access to are the assets themselves, which would be the helicopters and the aircraft, I believe. Right? So at that point—but it doesn't go back to the government. That's what would happen there.

1450

M^{me} France Gélinas: Okay. Just quickly because we don't have much time: You had knowledge of the performance agreement? You referred to it many times this afternoon.

Ms. Maria Renzella: Mm-hmm.

M^{me} France Gélinas: Has the government ever asked you to do modifications to the performance agreement?

Ms. Maria Renzella: No, they never have. And any discussions of modifications would have gone through Chris at the time.

M^{me} France Gélinas: Are you aware that modifications were asked for and refused?

Ms. Maria Renzella: No. I will say this: When MNP came in to do their audit, they had initially recommended that both the ministry and Ornge should relook at the performance agreement and look to see if there should be some potential changes, and then that was removed after some discussion. But that was the only time I remember there being some discussions in that light.

M^{me} France Gélinas: So it was a suggestion that the performance agreement should be modified?

Ms. Maria Renzella: Yeah.

M^{me} France Gélinas: A discussion took place. You were aware that a discussion took place. Was Mr. Apps involved in those discussions?

Ms. Maria Renzella: No, no. Those were not involved with Mr. Apps at all, no.

M^{me} France Gélinas: Who was?

Ms. Maria Renzella: It was definitely the auditors that were doing the work and it was people from Ornge that were involved. I wasn't specifically there.

Mr. Jagmeet Singh: When did this take place and who was it that made the recommendation that perhaps—

Ms. Maria Renzella: MNP. It was MNP.

Mr. Jagmeet Singh: MNP.

M^{me} France Gélinas: So you had to modify your performance agreement when you started doing land ambulance, did you not?

Ms. Maria Renzella: Yes, we did. So we did an amendment to the agreement at the time. Yeah, it was an amendment.

M^{me} France Gélinas: So that was the only time an amendment was made?

Ms. Maria Renzella: There were two amendments: When we had to add additional services up to Thunder Bay and then when there was the land ambulance.

M^{me} France Gélinas: And an agreement was always reached?

Ms. Maria Renzella: Yes.

M^{me} France Gélinas: Was it difficult to negotiate those agreements?

Ms. Maria Renzella: I wasn't part of those negotiations at the time, but from my understanding, they were not that difficult.

M^{me} France Gélinas: They were not that difficult. Who would have been in charge of those negotiations?

Ms. Maria Renzella: Jacob Blum was the one that negotiated them, and then we had lawyers involved, too.

M^{me} France Gélinas: Okay. Had you ever wanted to modify your performance agreement yourself?

Ms. Maria Renzella: No. I think we were still working out how to work with it better, work on some of the reports and the indicators. I think there was some work that we still needed to do from that perspective. I think the focus should be less on modifying the agreement, more on improving the communications and the indicators and those types of items.

The Chair (Mr. Norm Miller): And you are out of time. So thank you very much for coming before the committee today.

Ms. Maria Renzella: Thank you.

The Chair (Mr. Norm Miller): We have two motions that have been tabled, the first one by Mr. Klees, if we can deal with those before we wrap up.

Mr. Klees, do you want to move your motion?

Mr. Frank Klees: Yes. Thank you, Chair. I move that the Standing Committee on Public Accounts, pursuant to standing order 110(b), whereby each committee shall have power to send for persons, papers and things, request a copy of the report, product or other material produced under the terms of the marketing services agreement between Ornge and AgustaWestland; and further, that the material be provided in its entirety to the committee.

The Chair (Mr. Norm Miller): Any discussion? All in favour? Carried. Very well.

Ms. Sandals, you have a motion?

Mrs. Liz Sandals: That Jacob Blum be compelled to produce and table with the Standing Committee on Public Accounts no later than Monday, May 21, 2012, his entire professional diary during his employment with Sunnybrook, starting April 2002 and with Ornge and its related entities through July 2008, as referenced in the affidavit of Jacob Blum, dated May 16, 2012.

The Chair (Mr. Norm Miller): Any discussion? Is there any discussion. You wanted—

Mr. Jagmeet Singh: Yes, discussion.

The Chair (Mr. Norm Miller): Go ahead, Mr. Singh.

Mr. Jagmeet Singh: My assessment of Mr. Blum was that he was more than forthright. If there were any questions that we wanted to have answered, he was more than

willing to answer them—or any questions that we had, he was more than willing to answer them.

With respect to his entire professional diary, it may include portions that have nothing to do with Ornge. I think that's going beyond what the purpose of our duties here are. I'm more than happy to ask Mr. Blum to table anything that's related to Ornge, and I'm sure he would be happy to do that, but to require him to provide his entire diary I think is not necessary.

The Chair (Mr. Norm Miller): Ms. Sandals.

Mrs. Liz Sandals: Well, I would put in "his entire professional diary as it relates to the provision of air ambulance services and critical land ambulance services in the province of Ontario."

The Chair (Mr. Norm Miller): Okay. Is that fair?

Mr. Frank Klees: That's friendly.

The Chair (Mr. Norm Miller): Mr. Zimmer?

Mr. David Zimmer: I think the point is here, he introduced an affidavit and he pulled excerpts from his professional book; he referred to excerpts from his professional diary. I think now, on this idea that if he's referred to a part of a document, we should be able to see, have a look at what else—

The Chair (Mr. Norm Miller): Okay. We're going to run out of time unless we get this modified and vote on it.

First of all, we'll vote on the amendment. All in favour of the amendment?

M^{me} France Gélinas: I want to make sure: So we will only ask Mr. Blum to add information that he has not al-

ready provided if it has to do with air ambulance or other ambulance services.

The Chair (Mr. Norm Miller): In the province of Ontario, yes.

M^{me} France Gélinas: In the province of Ontario.

The Chair (Mr. Norm Miller): Yes, that was the amendment. Correct. Okay, and that has carried.

Then the motion as amended: All in favour? Carried. Okay.

Mr. Frank Klees: Chair, I have a quick question.

The Chair (Mr. Norm Miller): Yes?

Mr. Frank Klees: In light of Mr. Blum's testimony today and the very critical issue of the role that Ruth Hawkins played, can the clerk confirm for us that Ms. Hawkins will in fact appear before this committee?

Interjection.

The Chair (Mr. Norm Miller): The clerk will inquire with the Ministry of Health.

Mr. Frank Klees: And the reason I say that is that if in fact Ms. Hawkins does not appear, I will move that we issue a Speaker's warrant because of the importance of her testimony to this committee.

The Chair (Mr. Norm Miller): Very well. The clerk will make inquiries.

Mr. Frank Klees: Thank you.

The Chair (Mr. Norm Miller): We are adjourned.

The committee adjourned at 1456.

CONTENTS

Wednesday 16 May 2012

Special report, Auditor General: Ornge Air Ambulance and Related Services.....	P-233
Mr. Luis Navas.....	P-233
Mr. Jacob Blum.....	P-244
Ms. Maria Renzella	P-255

STANDING COMMITTEE ON PUBLIC ACCOUNTS

Chair / Président

Mr. Norm Miller (Parry Sound–Muskoka PC)

Vice-Chair / Vice-Président

Mr. Toby Barrett (Haldimand–Norfolk PC)

Mr. Toby Barrett (Haldimand–Norfolk PC)

M^{me} France Gélinas (Nickel Belt ND)

Mr. Phil McNeely (Ottawa–Orléans L)

Mr. Norm Miller (Parry Sound–Muskoka PC)

Mr. Reza Moridi (Richmond Hill L)

Mr. Jerry J. Ouellette (Oshawa PC)

Mrs. Liz Sandals (Guelph L)

Mr. Jagmeet Singh (Bramalea–Gore–Malton ND)

Mr. David Zimmer (Willowdale L)

Substitutions / Membres remplaçants

Mr. Frank Klees (Newmarket–Aurora PC)

Also taking part / Autres participants et participantes

Mr. Jeff Leal (Peterborough L)

Mr. Jim McCarter, Auditor General

Clerk / Greffier

Mr. William Short

Staff / Personnel

Ms. Catherine Beagan Flood, legal counsel

Mr. Ray McLellan, research officer,

Legislative Research Service

20N
C21
-P72

Govt
Publ



P-11

P-11

ISSN 1180-4327

Legislative Assembly of Ontario

First Session, 40th Parliament

Assemblée législative de l'Ontario

Première session, 40^e législature

Official Report of Debates (Hansard)

Wednesday 30 May 2012

Journal des débats (Hansard)

Mercredi 30 mai 2012

Standing Committee on Public Accounts

Special report, Auditor General:
Ornge Air Ambulance and
Related Services

Comité permanent des comptes publics

Rapport spécial, vérificateur
général : Services d'ambulance
aérienne et services connexes
d'Ornge



Chair: Norm Miller
Clerk: William Short

Président : Norm Miller
Greffier : William Short

Hansard on the Internet

Hansard and other documents of the Legislative Assembly can be on your personal computer within hours after each sitting. The address is:

Le Journal des débats sur Internet

L'adresse pour faire paraître sur votre ordinateur personnel le Journal et d'autres documents de l'Assemblée législative en quelques heures seulement après la séance est :

<http://www.ontla.on.ca/>

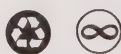
Index inquiries

Reference to a cumulative index of previous issues may be obtained by calling the Hansard Reporting Service indexing staff at 416-325-7410 or 325-3708.

Renseignements sur l'index

Adressez vos questions portant sur des numéros précédents du Journal des débats au personnel de l'index, qui vous fourniront des références aux pages dans l'index cumulatif, en composant le 416-325-7410 ou le 325-3708.

Hansard Reporting and Interpretation Services
Room 500, West Wing, Legislative Building
111 Wellesley Street West, Queen's Park
Toronto ON M7A 1A2
Telephone 416-325-7400; fax 416-325-7430
Published by the Legislative Assembly of Ontario



Service du Journal des débats et d'interprétation
Salle 500, aile ouest, Édifice du Parlement
111, rue Wellesley ouest, Queen's Park
Toronto ON M7A 1A2
Téléphone, 416-325-7400; télécopieur, 416-325-7430
Publié par l'Assemblée législative de l'Ontario

LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
PUBLIC ACCOUNTSCOMITÉ PERMANENT DES
COMPTES PUBLICS

Wednesday 30 May 2012

Mercredi 30 mai 2012

*The committee met at 0846 in room 151.*SPECIAL REPORT, AUDITOR GENERAL:
ORNGE AIR AMBULANCE
AND RELATED SERVICES

The Chair (Mr. Norm Miller): I call this meeting to order. Before we have our first witness, there are a few motions we need to deal with.

Ms. Sandals.

Mrs. Liz Sandals: That the Standing Committee on Public Accounts invite Dr. Chris Mazza to appear before the committee at 9 a.m. in committee room 151—you can fill in the blah blah blah, where—on Wednesday, July 18, 2012.

The Chair (Mr. Norm Miller): Any discussion? All in favour? Carried.

Ms. Sandals.

Mrs. Liz Sandals: That the Standing Committee on Public Accounts seek the authorization of the House leaders for each of the recognized parties to permit the committee to sit on Wednesday, July 18, 2012, for the specific purpose of hearing from Dr. Chris Mazza relating to the 2012 Special Report of the Office of the Auditor General of Ontario on Ornge Air Ambulance and Related Services.

The Chair (Mr. Norm Miller): Any discussion? All those in favour? Carried.

Mr. Klees, you have some motions?

Mr. Frank Klees: I think I have three here.

The Chair (Mr. Norm Miller): Okay. The first one, please.

Mr. Frank Klees: That the Standing Committee on Public Accounts, pursuant to standing order 110(b), whereby each committee shall have power to send for persons, papers and things, request a copy of any and all correspondence including letters and/or emails, from the associate deputy minister of health, Hugh MacLeod, to Malcolm Bates, director of the emergency health services branch, and Dennis Brown and any other person at the EHS branch in which the associate deputy minister references Ornge, or gives direction concerning the role that the EHS branch is to have concerning Ornge, or relates to allowing Dr. Mazza to do whatever he determines appropriate at Ornge and not to obstruct him during the period October 1, 2005, and the last day of February 2007 or makes any reference to how the EHS

branch and its staff is to monitor, oversee, hold accountable or review the performance of Ornge, and that said correspondence be delivered to the clerk of the public accounts committee no later than Thursday, May 31, 2012.

The Chair (Mr. Norm Miller): Any discussion? All in favour? Carried.

Mr. Klees.

Mr. Frank Klees: That the Standing Committee on Public Accounts, pursuant to standing order 110(b), whereby each committee shall have power to send for persons, papers and things, call Fred Rusk, former employee at the Ministry of Health and Long-Term Care, emergency health services branch, to testify before this committee.

Interjections.

Mr. Frank Klees: Oh, we don't have to do it?

Interjections.

Mr. Frank Klees: Okay. That the Standing Committee on Public Accounts, pursuant to standing order 110(b), request a copy of the 2012-13 balanced budget from Ornge that was approved by its board of directors.

The Chair (Mr. Norm Miller): Discussion?

M^{me} France Gélinas: Just a friendly amendment: How about we just ask for the budget?

The Clerk of the Committee (Mr. William Short): The only reason I used that wording is because that's what Ornge told me the document was called.

M^{me} France Gélinas: The balanced budget?

The Clerk of the Committee (Mr. William Short): That's what they said that they referenced in the Star article and that was what the specific request was. If you want to amend it, that's fine.

Mr. Frank Klees: I just want to be sure that we get the document that was referenced in the Toronto Star.

The Clerk of the Committee (Mr. William Short): They said that was what the document was.

The Chair (Mr. Norm Miller): All in favour? Carried.

And you have one more?

Mr. Frank Klees: Yes. That the Standing Committee on Public Accounts, pursuant to standing order 110(b), whereby each committee shall have power to send for persons, papers and things, request a copy of the tariff schedule prepared by Ornge to comply with CTA regulations; and further, a copy of any MOU or agreement

between Ornge and Ornge Air related to the provision of air services and related costing.

The Chair (Mr. Norm Miller): Any discussion? All in favour? Carried.

MR. TOM ROTHFELS

The Chair (Mr. Norm Miller): That's it for motions, so I'd now like to invite our only witness of the morning, Mr. Tom Rothfels, to come forward, please. Good morning. Welcome. Just to confirm that you did receive a letter outlining information for a witness appearing before the committee?

Mr. Tom Rothfels: Yes, I did.

The Chair (Mr. Norm Miller): Very well. Our clerk has an oath for you to swear.

The Clerk of the Committee (Mr. William Short): Did you want to swear an oath or be affirmed, Mr. Rothfels?

Mr. Tom Rothfels: I'll be affirmed.

The Clerk of the Committee (Mr. William Short): Mr. Rothfels, do you solemnly affirm that the evidence you shall give to this committee touching the subject of the present inquiry shall be the truth, the whole truth and nothing but the truth?

Mr. Tom Rothfels: I do.

The Clerk of the Committee (Mr. William Short): Thank you.

The Chair (Mr. Norm Miller): You have six minutes for an opening statement, and then we'll have questions from the parties.

Mr. Tom Rothfels: I don't have an opening statement. I thought I'd just give the time over to you for questions.

The Chair (Mr. Norm Miller): Then we'll start with the official opposition. We'll start in 20-minute intervals and see how much time we have left after that. Go ahead, Mr. Klees.

Mr. Frank Klees: Thank you, Mr. Rothfels, for being here this morning. We know, certainly according to your CV, that you have extensive experience in the aviation field and held a very responsible position at Ornge.

Can you tell us how it came that you were hired into your position at Ornge, and did Mr. Alfred Apps have anything to do with bringing you into Ornge?

Mr. Tom Rothfels: Yes. I got a call, essentially out of the blue, from Alfred, introducing himself and saying that he was acting on behalf of Ornge, which I didn't really know, and would I be interested in having a chat, as Ornge was looking for some aviation expertise.

We arranged a time to meet. I met with Mr. Apps for probably an hour or an hour and a half or so, in his office. He outlined what Ornge was, what the requirements were, what Dr. Mazza was looking for, and asked if I would be willing to meet with Dr. Mazza, and I said I would.

Mr. Frank Klees: Did Mr. Apps give you any indication of what his relationship was with Ornge and what role he played there?

Mr. Tom Rothfels: Yes. He said he was senior legal counsel.

Mr. Frank Klees: Can you give us an approximate date of when you might have met with Mr. Apps?

Mr. Tom Rothfels: Probably, if I recall, in the spring of 2007, so let's say April 2007.

Mr. Frank Klees: In that conversation in the spring of 2007, did Mr. Apps share with you what the future plans were of Ornge and, specifically, did he discuss at all the broader international scope that they had in mind?

Mr. Tom Rothfels: Yes. He said that Ornge had determined that there was an opportunity to enter the international sphere in repatriation, if you will, of injured people, bringing back injured or sick individuals to Ontario with international emergency medical evacuation, and that in fact Ornge had hired some consultants previously who had developed a business plan, and Ornge was going to use that as a basis to go international for EMS.

Mr. Frank Klees: Okay. When you took on your role, what was your title?

Mr. Tom Rothfels: They called me the chief operating officer for Ornge International.

Mr. Frank Klees: For Ornge International, and Ornge International, then, was one of those for-profit companies—

Mr. Tom Rothfels: No. As far as I know, Ornge International was never created. It wasn't a for-profit company; it wasn't anything. They just gave it that name, but I'm not aware of any company ever having been formed with that name.

Mr. Frank Klees: Isn't that interesting—so you were the COO of nothing?

Mr. Tom Rothfels: Exactly.

Mr. Frank Klees: Well, I'd like to—

Mrs. Liz Sandals: Unlike the guy last week, who was not the COO of something.

Mr. Frank Klees: It's very interesting.

M^{me} France G  linas: It was funny, though.

Mr. Frank Klees: I'd like to pursue what it is that you did for this company then, Ornge International, and I'd like to fast forward to the acquisition of the AW139s. What role did you have in that acquisition?

Mr. Tom Rothfels: Okay. If I can just take two seconds, this international part of it, when I got to Ornge, they handed me this business plan that had been developed by these consultants, and I told Chris that it wasn't worth the paper it was written on, there was no possible way to implement this, and it was just a piece of garbage, and, you know, if that was their plan, count me out.

I very quickly then was asked to get involved in the process to acquire the helicopters, and so we set up a process under which we would acquire these aircraft. There was a team set up internally at Ornge, of which I was part, but we also had outsiders involved as well. We went through a selection process to find what we called a fairness adviser. We hired PricewaterhouseCoopers as the fairness adviser for this process so that the people who were bidding on the aircraft could have an inde-

pendent source if they had concerns about the transparency, legitimacy or adequacy of the process. We also went out and went through a process to hire what we called purchase advisers, people who were highly experienced in acquiring major aircraft. We hired a company called M-Powered Solutions, a fellow out of McMillan Binch and an associate of his, and there was a team involved at Ornge.

First we went through a selection process to look at the available aircraft that are out there that could conceivably meet the mission that Ornge required, and we defined Ornge's rotary-wing mission in terms of the weight it needed to be able to carry, the distance it needed to be able to fly and the technical aspects of the aircraft that we required.

We determined that there were essentially three aircraft make and models that met these standards. We created a request for information, a fairly substantial document with all of the technical specifications, and we passed that through our fairness adviser. We went through a process outlined with the fairness adviser to make sure that they were comfortable that we had an open, transparent and fair process, and then we sent it out to those three companies, which were Sikorsky, Eurocopter and AgustaWestland. All three submitted very substantial responses to that document—binders probably, on average, about a foot high—

Mr. Frank Klees: Mr. Rothfels, I appreciate all of that detail. Can I, with your permission—

Mr. Tom Rothfels: Sure; yes.

Mr. Frank Klees: —I'd like to just get on to the actual deal, if I could. We're limited in time.

Mr. Tom Rothfels: Okay.

Mr. Frank Klees: Suffice to say that you were satisfied that it was an exhaustive process, that it was competitive and that in the final analysis, the decision was made, as we understand it, to go with the AW139s with Agusta?

Mr. Tom Rothfels: Yes.

Mr. Frank Klees: And can I ask, what was your role on that negotiating team?

Mr. Tom Rothfels: I was then asked to lead the negotiations for the acquisition. Again, we had this team of people that were a team of people within Ornge, as well as the fairness adviser, legal counsel and purchase advisers, but I led the team, led the negotiations, which then took place over six to eight weeks, over which period of time we negotiated the actual deal with Agusta.

Mr. Frank Klees: And who was on the Agusta side of the negotiating team?

Mr. Tom Rothfels: It was led by Lou Bartolotta, and he had a couple of more junior people with him.

Mr. Frank Klees: And was Mr. Mazza involved on your side?

Mr. Tom Rothfels: Yes, but not directly in the negotiations. Before we started the negotiations, I laid out a list of all of our positions, a list of where Agusta was and how we might be able to solve the differences. I regularly updated Dr. Mazza every couple of days, or every few

days, with where the negotiations were and where the differences were. I would get advice from him as to what he thought we should do in terms of how to move forward.

Mr. Frank Klees: So he was fully apprised of the ongoing negotiations.

Mr. Tom Rothfels: Absolutely.

Mr. Frank Klees: He obviously had input through you.

Mr. Tom Rothfels: Absolutely.

Mr. Frank Klees: I understand that Maria Renzella was also involved.

Mr. Tom Rothfels: Yes.

Mr. Frank Klees: Was she actively engaged with you in that process?

Mr. Tom Rothfels: Not in the negotiations. She was part of the selection group, she was part of the process, but she wasn't there in the room for the negotiations.

Mr. Frank Klees: Okay. So the deal was concluded. The amount, the final purchase price for the helicopters, was what?

Mr. Tom Rothfels: Roughly \$12 million and change per aircraft.

Mr. Frank Klees: I'd like to pursue an interesting element of this deal. You negotiated the purchase of the aircraft. I understand that, subsequent to signing the deal for the \$144 million, you heard back from Agusta. As I understand it—correct me if I'm wrong—they advised you of some good news, that they had qualified for an upgraded weight category, and because of that good news, they were going to assess you for an additional—how much?

Mr. Tom Rothfels: I think it was a little over \$600,000 per aircraft.

Mr. Frank Klees: Per aircraft. "So here's the good news: We got this upgraded regulatory blessing, and for that good news, you're going to pay another \$600,000 per aircraft." What was your responses?

Mr. Tom Rothfels: "Nice try." This is the sort of thing that goes on, and no harm, no foul. But it clearly was completely inappropriate. We had covered this off in the purchase agreement. There was no way that Ornge would be required to pay this.

Mr. Frank Klees: So you're an astute business person. This isn't the first time you've been through this. You covered that weight issue off in your agreement, and as far as you were concerned, it was incorporated into that original purchase price.

Mr. Tom Rothfels: Absolutely.

Mr. Frank Klees: And Dr. Mazza was aware of that as well.

Mr. Tom Rothfels: Yes.

Mr. Frank Klees: So you went back to them and said, "Under no circumstances." What was the outcome of that secondary negotiation that you had with Agusta?

Mr. Tom Rothfels: By that point, Rick Potter had assumed responsibility for the relationship with Agusta. I was involved in other areas.

When Agusta asked for that extra \$600,000, I pointed out, both to—well, actually, to everybody; to Rick Potter, to Maria Renzella, to Chris Mazza—the two sections in the purchase agreement where we had covered this off, and said that we absolutely didn't have to pay for this. Do you want me to describe those areas in the purchase agreement?

Mr. Frank Klees: We don't have—

Mr. Tom Rothfels: Okay.

Mr. Frank Klees: It's sufficient to know that that was covered off.

Mr. Tom Rothfels: Absolutely.

Mr. Frank Klees: Mr. Potter testified here, when he was here, that he went back to Agusta and successfully negotiated away that \$600,000 per aircraft.

Mr. Tom Rothfels: Well, right. I guess what he did was point it out to them that it had already been covered off, so, "No."

Mr. Frank Klees: Okay. So, as we understand it—did Mr. Potter come back and report to you and the rest of the team of his successful negotiation?

Mr. Tom Rothfels: Yes.

Mr. Frank Klees: And what was the reaction?

Mr. Tom Rothfels: "Great."

Mr. Frank Klees: Are you aware of what took place when Mr. Potter advised Dr. Mazza of his success?

Mr. Tom Rothfels: I wasn't there in the room, but it's my understanding that Chris was relatively cool to that news and was not enthusiastic about the fact that that payment was not going to be made. As I said, I wasn't in the room but I do recall that the reaction that Rick got was not positive.

0900

Mr. Frank Klees: Is it true that Dr. Mazza subsequently insisted that Ornge pay that \$600,000 per aircraft?

Mr. Tom Rothfels: That's my understanding.

Mr. Frank Klees: Then, subsequent to that, obviously we have to do something. The \$600,000 per aircraft was then paid to Agusta, and there is a sense that that created some problem, then, for probably people like Mr. Potter. You were no longer in the picture directly, but I would expect Ms. Renzella and perhaps—who was the legal responsible for—

Mr. Tom Rothfels: Cindy Heinz was acting as corporate counsel at that point.

Mr. Frank Klees: So I understand it fell to them now to structure an agreement between Ornge and Agusta that would somehow recover that \$600,000, because, having negotiated the \$600,000 away, insisting that the \$600,000 would be paid to Agusta—Agusta now, obviously, was in hand of a lot of money that they had agreed not to charge. Tell us what happened then, to your best understanding. Who was charged with negotiating what I understand is referred to as a marketing agreement?

Mr. Tom Rothfels: I do need to state that I was not directly involved in this, and so there were—I don't have direct knowledge of this, but it was my understanding that both Maria Renzella and Cindy Heinz were primarily

responsible for carrying out the directive that they got from Chris to come up with a marketing services agreement.

Mr. Frank Klees: And that was basically to paper, essentially, the kickback of that money into one of the Ornge companies. Is that right?

Mr. Tom Rothfels: Well, again, I wasn't directly involved so there may have been other things that I wasn't aware of. I'm not aware of anything else, but that certainly could be one explanation.

Mr. Frank Klees: Mr. Rothfels, you're a very astute business person, and while you weren't directly involved, these are not things that are hidden within the executive group of a company like this. I would expect, sir, when you heard about this and you knew what the flow of money was, that you would have had some concern. Did you have any concern about what was going on in this agreement?

Mr. Tom Rothfels: Yes, I did have some concerns.

Mr. Frank Klees: What's your immediate reaction? When you became aware that this flow of money was taking place, what did your gut tell you?

Mr. Tom Rothfels: I was very uncomfortable. I knew, in terms of the purchase agreement, that there was no requirement to pay this. I'd heard about this marketing services agreement. I wasn't aware of the terms of it, but it didn't smell right, I suppose.

Mr. Frank Klees: Did you express your concern to any of your colleagues at Ornge?

Mr. Tom Rothfels: Yes. I think I reiterated a number of times to Rick Potter, to Cindy Heinz, to Maria Renzella and to Chris Mazza that the \$600,000 weight upgrade was a fictional charge and that we, Ornge, should not be paying it.

Mr. Frank Klees: Did the term "fraud" ever cross your mind when you were contemplating this?

Mr. Tom Rothfels: It certainly—again, it crossed my mind—

Mr. Frank Klees: Did you ever express that in those terms to any of your colleagues?

Mr. Tom Rothfels: You know, I don't actually recall if I used that word. It was certainly in my mind, but I don't recall if I used that word to them.

The Chair (Mr. Norm Miller): You have three minutes left, Mr. Klees.

Mr. Frank Klees: If you don't mind—I don't know, because we do have other rounds—would you mind if I just continue and wrap up this line of questioning?

The Chair (Mr. Norm Miller): Certainly, if the other parties don't mind. We'll all keep track of the time.

Mr. Frank Klees: I'll give it to you on the other end, right? Is that okay?

The Chair (Mr. Norm Miller): Continue.

Mr. Frank Klees: Mr. Rothfels, we had here some very senior people, whether it's Mr. Potter, Ms. Renzella—certainly Cynthia Heinz, whose background as a lawyer would have triggered her, I would think, and Ms. Renzella as well as Mr. Potter, in the same way that it triggered you. Something is fundamentally wrong here,

and yet they were charged with implementing this strategy. Did you ever express your concern to any member of the board?

Mr. Tom Rothfels: Yes.

Mr. Frank Klees: And who was that?

Mr. Tom Rothfels: Don Lowe.

Mr. Frank Klees: And what was the response from this member of the board?

Mr. Tom Rothfels: He expressed some concern and surprise and indicated that he would look into it. But I think his feeling was that the lawyers had covered this or papered it or something to that effect.

Mr. Frank Klees: Knowing what the fiduciary responsibilities of a director are, did it concern you that that would be the response of a member of the board, that the legals had papered it?

Mr. Tom Rothfels: The timing was such that, once I had expressed these concerns about this transaction internally and was quite vocal about it, I became persona non grata internally at Ornge. Within a few months, I had left Ornge, and the meeting that I had with Don Lowe took place a week or so after I left Ornge. I felt I had a responsibility to make sure at least someone on the board was aware of my thoughts, and so I had that meeting.

Mr. Frank Klees: Would you say that the reason that you ended up leaving Ornge is because you had expressed your concern about what was going on around this deal?

Mr. Tom Rothfels: I think that that was certainly part of it, yes. There may have been other issues as well, but the organization was such that you were either with the organization or not. Clearly, I was not.

Mr. Frank Klees: Did any other members of the executive, your colleagues, ever express to you their concern about what they saw going on, whether it was—and let's just stay with this deal. Did anyone confide in you to say, "Look, I have serious concerns about this"?

Mr. Tom Rothfels: I think that most of the people who were aware that the weight upgrade charge was not appropriate and who were aware that Ornge was going to pay it anyway probably had some level of discomfort with that.

Mr. Frank Klees: But they were silenced.

Mr. Tom Rothfels: Yes. Yes.

Mr. Frank Klees: Can I ask you, were there other issues that concerned you in the organization that caused you to question whether you should be working and associated with this organization?

Mr. Tom Rothfels: Yes. You know, the work that Ornge does on the front lines is absolutely spectacular. There's no other organization in the world, other than militaries, that operate across the breadth and depth and the horrendous conditions weather-wise and everything else that Ornge does. But Ornge up until that time had been primarily a medically driven organization. It had no institutional history of operating aircraft. To go from not operating aircraft to acquiring complex, medium-weight, twin-engine helicopters in an IFR environment is not something that you do lightly. So with no institutional

capability or history, it concerned me greatly that Ornge was about to undertake this in a very short period of time. 0910

I came up with a plan to joint venture with the world's largest operator of this class and this type of aircraft, the AW139, to help us, to help Ornge learn how to do this and do it safely, properly and within all of the guidelines that were required. When that began to be shunted aside and I realized that Ornge was essentially going to go alone, it gave me great concern.

Mr. Frank Klees: We've had other testimony here to the effect that the concept was far beyond the core competency of the individuals who were then put in charge of this very complex, far-reaching organization. You're agreeing with that.

Mr. Tom Rothfels: As I said, there was no institutional history. There was no one there who had ever operated aircraft, let alone a mixed fleet of fixed-wing and rotary-wing, complex aircraft.

Mr. Frank Klees: Prior to if I can refer to it as the Mazza scheme, the aircraft side of it was contracted out to experienced air carriers who then complemented, obviously, the health care side of it. Would you agree that where things started to go off the rails here was when, in fact, under the Mazza scheme, all of that air carrier responsibility was brought in-house and essentially overwhelmed the people who, as you say, didn't have the institutional knowledge, didn't have the core competency to cope with that? Is that a fair statement?

Mr. Tom Rothfels: I think that that's certainly part of it. The justification internally for doing this was that the costs that were being charged by these third party carriers were unsustainable in the long term and the only viable solution was for Ornge to bring it in-house.

Mr. Frank Klees: Thank you. My last question to you: As a layman, going back to that marketing agreement, would you characterize that, as a layman, as a kickback within the industry?

Mr. Tom Rothfels: Oh boy. Again, I wasn't party to whatever other discussions may have gone on between Agusta and Ornge. There may have been other things. All I can say is that I wasn't comfortable with it and, from what I saw, it certainly bore some—there were issues there.

Mr. Frank Klees: Thank you.

The Chair (Mr. Norm Miller): Thank you. You used 26 minutes, so perhaps we'll have 26 minutes for each of the other parties, then.

M^{me} France Gélinas: I may choose to cut it up, you know, just to be different.

The Chair (Mr. Norm Miller): You're welcome to if you so desire. Ms. Gélinas.

M^{me} France Gélinas: I will go back to the line of questioning that my colleague started, but just a few housekeeping items before I do this.

The first one is, were you aware of Mr. Mazza's salary during your tenure at Ornge?

Mr. Tom Rothfels: No.

M^{me} France Gélinas: Were you aware of any other executive's salary during your time at Ornge?

Mr. Tom Rothfels: No.

M^{me} France Gélinas: We can see that your salary increased during the period of time you were at Ornge. How were those increases awarded?

Mr. Tom Rothfels: I don't recall that there was any substantial increase in my—there was a bonus structure that was added to my compensation once I started to get involved in some of the serious negotiations for the acquisition of the aircraft and the plans subsequent to that, but the base salary was not—

M^{me} France Gélinas: Okay. And while you were there, although you were with Ornge International—which I guess as a title means all of the business that was to do with international would have fallen under you?

Mr. Tom Rothfels: Well, I was never involved in anything, other than initially telling them that their business plan that they had for international wasn't worth the paper it was written on. Beyond that, I had no involvement in anything international.

M^{me} France Gélinas: And that did not gain you any popularity points.

Mr. Tom Rothfels: I don't think that they were completely wedded to that plan when I got there, so they dropped it fairly quickly.

M^{me} France Gélinas: Okay. Coming back to what went on: The deal is being negotiated. We've had Jacob Blum here to testify. He was there part of the time that you were there. He testified that he met with Ministry of Health officials on a weekly basis. He even gave us, usually on a Friday afternoon, the time, date, place etc., when those meetings took place. During the time that this was being discussed, was any of this ever shared outside of the organization, the fact that you were negotiating a purchase, the discrepancy between what you wanted and what—the briefing that you would give to Chris as to where things were progressing, before the \$600,000 I'm talking about: Was this ever shared with anybody at the ministry?

Mr. Tom Rothfels: I don't know. I wasn't involved in any discussions, briefings or anything else outside of Ornge, so if there were any conversations like that, you'd have to ask people who did those briefings.

M^{me} France Gélinas: To your knowledge, in the management team, who, when there were questions coming from the ministry, would have answered those questions?

Mr. Tom Rothfels: I was so far removed from that—I'm not sure. I do recall that some combination of Jacob, Chris and occasionally, I think, Tom Lepine, were involved in briefings to various people at the ministry. But again, it just wasn't anything I was involved in.

M^{me} France Gélinas: You did say that it was Mr. Apps who first approached you to join Ornge. What were some of the other dealings that Mr. Apps did for Ornge?

Mr. Tom Rothfels: In the time that I was there, Alf certainly acted as the senior legal counsel. As we were negotiating the deals with Agusta, as we were selecting fairness advisers, purchase advisers, Alf was the senior

lawyer who reviewed all of the documents and approved, frankly, gave final approval to whatever documents we issued. I was heavily involved in an RFI to select a helicopter operator. There was another one for looking at this joint venture we were trying to set up with Ornge. Alf may not have been involved in the day-to-day basis of discussions and negotiations, but certainly he was the lawyer that the other people on the Fasken team reported to and got approval from.

M^{me} France Gélinas: If we look more specifically at the deal: You did an RFI, you started negotiations, then Rick Potter finished the deal where the extra cost for the extra weight was brought forward, then this deal was sent to Cynthia Heinz, Maria and Rick to figure out and to put on paper. Would Mr. Apps have signed off on the finals of those agreements as well, like he had overseen everything else legally that went on?

Mr. Tom Rothfels: Since I wasn't involved in that, I can't answer that directly. You'd have to ask the people that were involved. I don't know.

M^{me} France Gélinas: But when you were there, he was giving the final approval for the legal work that was being performed for Ornge.

Mr. Tom Rothfels: As far as I know, yes.

M^{me} France Gélinas: So it's not a stretch to say that that agreement also would have needed final legal work that Mr. Apps would look at?

Mr. Tom Rothfels: I think that that's probably a logical conclusion, but I don't have any direct knowledge of that.

M^{me} France Gélinas: We have correspondence from Mr. Apps that, if you follow the—do you want to bring this over for him? This is the exhibit that we all have. It's an email from Mr. Apps, and you are cc'd on it. He's actually writing to Maria and to Jacob, but you're cc'd on it. The last line says, "Once we have massaged the game plan past the Minister of Health, I will organize a follow-up private dinner for Chris with the Premier so that he can outline the vision and the game plan in greater detail." This took place on June 20, 2007. Sorry; I should've given you time to read it.

0920

Mr. Tom Rothfels: Okay.

M^{me} France Gélinas: So, any idea why you were copied on that kind of information?

Mr. Tom Rothfels: I probably had been with the organization for—this was June 20—maybe a couple of months. No, I don't recall why. In fact, I don't even recall this email. I'm sorry; I really don't.

M^{me} France Gélinas: No, that's okay. Memory is allowed to forget, and so are you.

By the text that you have seen here, Mr. Apps offered a follow-up private dinner for Chris with the Premier. Do you know if this is something that Mr. Apps could have delivered on? You've had some dealing with Mr. Apps; do you figure he's able to organize dinner with the Premier?

Mr. Tom Rothfels: I suppose it's possible. He seemed to have the ability get people to return his calls.

M^{me} France Gélinas: Okay. And you say this based on—

Mr. Tom Rothfels: He clearly seemed to have relatively high-level connections into the government.

M^{me} France Gélinas: And have you ever seen evidence that he had those connections?

Mr. Tom Rothfels: Only through third parties. I was never involved in any of these meetings. I never really was—as I said, I was never involved, so I have no direct involvement.

M^{me} France Gélinas: But you just knew because you knew him; you knew the work that he did? Okay. What was the extent of your relationship with Mr. Apps?

Mr. Tom Rothfels: We didn't have a very extensive relationship. I was involved in a number of Ornge's transactions: to negotiate the helicopter acquisition, to negotiate the continuation of the helicopter services agreement, to negotiate the joint venture between Ornge and Era. Alfred, again, was senior counsel, and the lawyers that he had assigned to work with me on these transactions would report to Alf. I suppose there may have been occasional either conversations or emails between myself and Alfred including the rest of the team that may have discussed specifics related to those transactions.

M^{me} France Gélinas: Okay. Mr. Apps brought in a consultant by the name of Don Guy. Have you ever heard of this man?

Mr. Tom Rothfels: I've heard the name; I've never met him.

M^{me} France Gélinas: Okay. Do you know what Mr. Apps would have brought him and what kind of work he would do for Ornge?

Mr. Tom Rothfels: No.

M^{me} France Gélinas: Okay. There are also paper trails where Mr. Apps and Mr. Don Guy are trying to arrange meetings for Ornge. Any idea why Ornge would need to arrange meetings with either the Premier, the Minister of Finance, or the Ministry of Health?

Mr. Tom Rothfels: No. Again, I wasn't involved in any of that.

M^{me} France Gélinas: When the change from strictly Ornge being run as a non-profit agency to the creation of Ornge Peel, which later became Ornge Global—were you there at the time when those changes took place?

Mr. Tom Rothfels: I was certainly there when Ornge Peel was set up. I'm not—do you know the timing of when it was changed to Ornge Global?

M^{me} France Gélinas: In about the time you were there. Ornge Peel started in 2007, and Ornge Global in about 2008.

Mr. Tom Rothfels: Yes, I left in August 2010, so I guess Ornge Global was in existence at that point.

M^{me} France Gélinas: Did you have any dealings with Ornge Global?

Mr. Tom Rothfels: No. I was always paid by Ornge.

M^{me} France Gélinas: Ornge Global was the agency that owned the helicopter. Were you aware of that?

Mr. Tom Rothfels: Yes, I think someone may have shown me something that said that there was—Ornge Global, and there was something about an Ornge issuer trust for the bond that was issued or something. Again, I wasn't involved in the structuring of any of that.

M^{me} France Gélinas: Did it sound okay for you that an agency of the Ministry of Health—you know that your budget came from the provincial government. The provincial government usually deals with not-for-profit agencies, certainly when it comes to health care. Was there discussion as to, why did we need that trust, why did we need a for-profit agency under Ornge? Was this ever discussed at management?

Mr. Tom Rothfels: No.

M^{me} France Gélinas: Who made those decisions? Who decided on that corporate structure?

Mr. Tom Rothfels: I wasn't involved in any of that structuring or any of those discussions, so I'm afraid I really don't know.

M^{me} France Gélinas: You don't know?

Mr. Tom Rothfels: No.

M^{me} France Gélinas: Okay.

Mr. Jagmeet Singh: Good morning. You were speaking about the fact that the business strategy or business plan for Ornge International, I think you said wasn't worth the paper that it was written on. I enjoyed that analogy. Were you apprised of the overall for-profit side, or was it just one section?

Mr. Tom Rothfels: No, I was not, again, involved in anything on what is called the for-profit side. I had no involvement there.

Mr. Jagmeet Singh: Just on that component that you were apprised of, that you were able to speak on and say, "This plan is pretty much worthless," was it abundantly clear that there was really no effective strategy in that business plan?

Mr. Tom Rothfels: I think we need to clarify here. In 2007, when I joined Ornge, as I said, Ornge had previously hired a couple of consultants to write a business plan for international EMS. That was the plan that I felt had no merit, and it was dropped. Ornge never pursued that. I understand, a few years later, on the for-profit side, there were some other plans, but quite different from the one that these consultants had written. So I don't know that there was much connection there.

Mr. Jagmeet Singh: That's fine. Thank you very much for that.

You were speaking on some of the problems, overall, with Ornge and some of the things that you felt uncomfortable with, and one thing that you highlighted was the shift from being medically driven to then becoming part medically driven and part aviation-driven. Were there any other concerns that came to your mind in terms of the way that Ornge was being run?

Mr. Tom Rothfels: From a straight, objective point of view, no. I've outlined the concerns that I have. Unless you have more specific—

Mr. Jagmeet Singh: Certainly. In terms of the way funds were being allocated and the way money was being

distributed in terms of the priorities of the organization, can you comment on that?

Mr. Tom Rothfels: No. I wasn't involved in any of that.

Mr. Jagmeet Singh: Throughout your tenure at Ornge, you indicated you were paid by Ornge directly?

Mr. Tom Rothfels: Yes.

Mr. Jagmeet Singh: Are you aware if your salary was disclosed on the sunshine list or if it was ever taken off?

Mr. Tom Rothfels: I was an outside consultant the whole time. I was a third party contractor; I was never an employee.

Mr. Jagmeet Singh: Okay.

M^{me} France Gélinas: Any reason why you were always a third party—chief operating officer, part of the management team; you could have been brought in—the reason why this particular arrangement?

Mr. Tom Rothfels: It was never offered. I was never asked or offered to become an employee.

As a personal observation, I'm not sure I fit very well in that organization from a number of perspectives.

0930

M^{me} France Gélinas: A lot of witnesses have hinted the same way you did. Can you describe the culture and how you don't fit in that culture? You had an office there. You saw them every day. You—

Mr. Tom Rothfels: Yes. There were an awful lot of very dedicated people who worked very hard in that organization, who believed very deeply in the mission that Ornge was fulfilling day in and day out.

I think that Dr. Mazza, as you may have heard, is and can be a very charming, inspiring person, but he was also emotionally—the organization was very sort of top-down driven. Chris would make decisions and people would then carry out those decisions.

It was my first and only foray into the public service sector, if you will. I wasn't familiar with how things operate in that environment. I think I'm probably more comfortable in the normal for-profit industry.

Mr. Frank Klees: But not a good example.

M^{me} France Gélinas: This is not the way it's usually done.

Did you have any communication with the board, except for that one time when you called Don Lowe? Did you ever communicate anything, make a report to the board?

Mr. Tom Rothfels: No. That was absolutely, strictly forbidden. There was never to be any communication with members of the board, other than either through Chris or someone that he may have authorized. So no, that was very much something that wasn't done.

M^{me} France Gélinas: Okay. How much time do I have left?

The Chair (Mr. Norm Miller): Let's see. You have seven minutes.

M^{me} France Gélinas: Okay. I'm going to let it go and take a second round instead.

The Chair (Mr. Norm Miller): Very well. On to the government members, and Mr. Moridi.

Mr. Reza Moridi: Thank you, Mr. Rothfels, for appearing before this committee.

One of your former colleagues at Ornge, who was associate vice-president, Ms. Kelly Long—did you know her?

Mr. Tom Rothfels: I knew her, yes.

Mr. Reza Moridi: In what capacity did you know her?

Mr. Tom Rothfels: She worked on other areas of the business that I had no involvement in, so I really had virtually no dealings at all with her on a work basis.

Mr. Reza Moridi: Did you know of her special relationship with Dr. Mazza? Were you aware of that?

Mr. Tom Rothfels: Not right away. But things don't stay secret in an organization all that long, so eventually rumours circulated.

Mr. Reza Moridi: What was your impression of her work at Ornge?

Mr. Tom Rothfels: As I said, I wasn't involved—I had no involvement with her, so I really don't know.

Mr. Reza Moridi: She started as a junior person at Ornge and then she moved up to the position of—basically executive positions—associate vice-president very quickly. So the promotion was very fast in an organization—for a person to begin with a junior position and then reach a higher executive position in a short time. What do you think is the reason for her very fast promotion in the organization?

The Chair (Mr. Norm Miller): Mr. Moridi, if I could ask you to pull your mike down a little closer.

Mr. Reza Moridi: Oh, sorry.

The Chair (Mr. Norm Miller): I'm having trouble hearing you. Thank you.

Mr. Tom Rothfels: Well, again, since I wasn't involved in any of the work that she was doing or really any areas that she was involved in, I honestly don't—you know, I don't have a way to evaluate what she did, how she did it, whether she did it well or not. I simply wasn't involved.

Mr. Reza Moridi: So do you think that Dr. Mazza's decision to promote her was a proper decision, just in your own opinion?

Mr. Tom Rothfels: Again, I have no way of giving you an objective answer to that, since I don't know what she did or how she did it.

Mr. Reza Moridi: So you had no dealings with her in her capacity and in your capacity?

Mr. Tom Rothfels: No, not within the organization, no.

Mr. Reza Moridi: What's your general opinion about Dr. Mazza? Just give us a picture of what you think about him.

Mr. Tom Rothfels: I think, as I said earlier, he's a somewhat complicated fellow. He can be charming and brilliant and inspiring. He can also be emotionally driven, volatile, demanding. There are all different sides to him.

Mr. Reza Moridi: How would be his relationships or his interactions with employees as a boss of the company? How would you explain that?

Mr. Tom Rothfels: Pretty much the way I just described him. He could be any of the above. You never knew.

Mr. Reza Moridi: Was he very controlling in terms of—

Mr. Tom Rothfels: Yes. Yes.

Mr. Reza Moridi: Staff, even senior staff, have been controlled directly by him?

Mr. Tom Rothfels: Yes. You were told what to do and you were expected to do it.

Mr. Reza Moridi: Was there any possibility that senior staff—at least the vice-president, the associate vice-presidents, directors, people on that level—would report something to the members of the board of directors?

Mr. Tom Rothfels: This is more opinion than anything. There may have been some relationships, but as far as I knew, there was a very strict rule in place that there was to be no communication to the board other than as authorized by Chris or through Chris.

Mr. Reza Moridi: You were chief operating officer of a corporation called Ornge International. Earlier today, you mentioned that this corporation didn't exist. It didn't exist; it didn't appear at the Auditor General's report. There's no mention about this corporation. You were there for three years, I believe, right?

Mr. Tom Rothfels: A little over three years, yes.

Mr. Reza Moridi: From 2007 to 2011. You were COO, chief operating officer, of this organization. This organization wasn't an incorporated organization, was it?

Mr. Tom Rothfels: Not that I know of, no.

Mr. Reza Moridi: So when they appointed you as COO of this organization, did you know that this organization was basically a phony organization?

Mr. Tom Rothfels: When I first joined, the intention was, as I said, that they had this business plan that these consultants had written to do this international EMS repatriation. So I think there may have been an intent to form a company along that line. When I and others said, "This business plan is simply not viable," I guess they never bothered to incorporate any company because there was no business for it to do. Then I was pulled off to do other things like the helicopter acquisitions and other matters.

Mr. Reza Moridi: But you had been there for three years as a COO of this unincorporated corporation, from 2007 to 2010. Of course, you signed various communications—letters, emails—under that title. Did it never occur to you to ask the question, saying, "I'm the COO of this corporation which doesn't exist legally. Could you do something about this? Could you either move away from this position or incorporate this entity?"

Mr. Tom Rothfels: No, I never did. It didn't particularly concern me. There was never an Ornge International Corp. or Inc. or anything like that. It just said "Ornge International." I guess it was implied that there's a company there, but there never was and it never said anything like that. Maybe it should have bothered me, but it didn't.

0940

Mr. Reza Moridi: Well, your CV or resumé basically outlines that between 2007 and 2010, you were chief operating officer of Ornge International, and within that period, you have done quite a number of works for the company, including negotiations on helicopter purchases from AgustaWestland and others, and Era as well. Again, as a senior person yourself, Mr. Rothfels, when you have been appointed to such a position and then you will say, well—you know, it's not a one-day, two-day or three-day period. Then various activities were conducted by yourself under the title of COO for this phony corporation, never incorporated, and then you kept basically continuing work under that title. You even put it in your resumé, that within those three years you carried that title for a phony corporation. Would this at any time bother you, or did you ask any questions of, say, Dr. Mazza, saying, "I'm COO of this corporation. When are you going to incorporate this?"

Mr. Tom Rothfels: Well, first of all, I'm not—I don't think I agree with the characterization of it as a phony corporation. It was a title that was given. I guess if I had given it much thought, which I probably didn't, I would've thought if there ever was a business that's international that I would ever get involved in that maybe they would incorporate something. But I was never involved in anything that would give rise to the need for that.

Mr. Reza Moridi: Well, they called it Ornge International, as they had various Ornges within the main company. This wasn't a branch of, say, Ornge, a division of Ornge or an office of Ornge. It seemed to everyone that this is a corporation. It has a chief operating officer.

Anyway, thank you very much, Mr. Chair. I'll pass on to Mr. Zimmer to continue.

The Chair (Mr. Norm Miller): Very well. Mr. Zimmer.

Mr. David Zimmer: The marketing services agreement that was negotiated, the lead-in to that is this business of the weight upgrade charge of \$600,000 per helicopter, times 12 is \$7.2 million. We heard from Mr. Potter that he went back to Agusta and quickly negotiated or told them that Ornge wasn't going to pay the \$600,000 times 12 helicopters. He went back to Chris Mazza and told him the good news and said frankly that he was expecting sort of a pat on the back and a comment, "Job well done. You saved us \$7.2 million." And Mazza's reaction was, as you've said and as Potter said, that he was not keen on that and, in fact, gave the direction to pay the full price. Potter was asked what his reaction to that direction from Mazza was—and I'm quoting from Hansard. Potter said he said to Mazza, "Are you freaking crazy?" Is that a characterization which you would agree with?

Mr. Tom Rothfels: Yes.

Mr. David Zimmer: With respect to Mazza's view of that?

Mr. Tom Rothfels: Yes, it was surprising.

Mr. David Zimmer: You say "surprising"; Potter is a little more colourful and says he thought Mazza was

“freaking crazy.” Would you agree with that stronger characterization?

Mr. Tom Rothfels: I’ll stay with it was surprising. There may have been other things that I wasn’t aware of, but on the surface, it certainly was surprising.

Mr. David Zimmer: Why do you say it was surprising? Why do you think Potter, who’s an aviation expert rather than a medical guy, thought it was freaking crazy? What was wrong with it that made Potter think it was freaking crazy and you say, more diplomatically, it was surprising?

Mr. Tom Rothfels: Well, I think we were both aware that under the terms of the aircraft purchase agreement, there was no need to pay this.

Mr. David Zimmer: Are you aware of any speculation floating around the executive team as to what might have motivated Mazza to say, “Thanks for negotiating the reduction, but let’s pay it anyway”? There must have been gossip around the executive corridors. “Why is the boss doing this? We’ve just set it up so we can save \$7.2 million, and the boss doesn’t want to take the savings.” There must have been gossip and rumours and conversation in the executive team. Was there?

Mr. Tom Rothfels: I’m sure there was. I didn’t really participate much in that. Things were somewhat siloed, so people stuck to what they were told to do. If there was speculation about it, there may also have been, because Chris was involved in direct discussions with senior people at Agusta—maybe there was something else going on that other people weren’t aware of.

Mr. David Zimmer: But absent of being aware of what those other considerations might be, the sentiment was that it was surprising or that it was frigging crazy that he was doing this.

Mr. Tom Rothfels: I don’t think anybody understood.

Mr. David Zimmer: Did you ever see the marketing services agreement that was put in place?

Mr. Tom Rothfels: No.

Mr. David Zimmer: Did you ever become aware of the terms of the marketing service agreement, who was working on it, that sort of thing?

Mr. Tom Rothfels: I knew that there was a marketing services agreement being put into place, and I knew that Cindy Heinz and Maria Renzella had been directed to make it happen.

Mr. David Zimmer: Did you know who was going to be the front-line person doing the research and doing the marketing services?

Mr. Tom Rothfels: No.

Mr. David Zimmer: On your resumé, you’ve got an item here: “2007 to 2010, chief operating officer, Ornge International.” One of the things you did in that capacity and during that time frame, the third-last bullet point on your resumé: “The negotiation with Era and the creation of a joint venture to assume the direct responsibility for Ornge’s rotary-wing operations.” That’s one of the first times I’ve come across Era. What is Era? Who is Era?

Mr. Tom Rothfels: Era Helicopters is a wholly owned subsidiary of a New York Stock Exchange

company called SEACOR. They’re one of the largest fleet operators of the AW139 in the world. Their headquarters is in New York, their main base of operations is in Louisiana, but they have operations in many parts of the world.

Mr. David Zimmer: Did you in fact create a joint venture service with them to assume the responsibility of the rotary-wing operations of Ornge?

Mr. Tom Rothfels: Yes, we negotiated a joint venture agreement. The joint venture company was created, and Era owned, I think, 25% of that; Ornge owned 75%. I left the organization shortly after that joint venture had been created, and, as I understand it, the agreements were never implemented.

Mr. David Zimmer: What was the strategic objective of that joint venture agreement, and who initiated the idea and negotiated the agreement?

Mr. Tom Rothfels: The purpose was that because Ornge had no institutional history or internal capability to operate these rotary-wing aircraft, I think it was mainly my idea that we should bring in somebody who knew what they were doing to help Ornge in getting up to speed and learning how to do this and learning how to maintain these aircraft and staff them and pilot them and train the pilots and manage spare parts. This was a very, very complex undertaking where Ornge had no history or capability. So we thought, let’s bring in somebody who really does know what they’re doing.

0950

Mr. David Zimmer: And then you’ve said that that agreement in fact did not take effect?

Mr. Tom Rothfels: That’s my understanding. After I left, the agreement was essentially left to wither on the vine.

Mr. David Zimmer: So the operations contemplated by the agreement never took off, never took effect?

Mr. Tom Rothfels: That’s correct, yes. Ornge just did it itself.

The Chair (Mr. Norm Miller): You have a couple of minutes, Mr. Zimmer.

Mr. David Zimmer: With respect to Chris Mazza, I’ve been sitting here now for days and days with my colleagues and I’ve been following all the evidence, and for the most part—in fact, probably to a person—every witness talks about the difficulty or the challenges of dealing with Chris Mazza’s personality. Generally, the theme seems to be that he was mercurial, he was aggressive, he was secretive, he was up, he was down: a very difficult relationship to manage.

I can’t help but get the sense that there must be—in my amateur reading there are sort of elements of almost a bipolar disorder here, the way he fluctuated in his management style. Would you agree with that?

Mr. Tom Rothfels: I have no medical background. I don’t think I’m qualified to comment. I can simply say that Chris was—at times, it was challenging to deal with him.

Mr. David Zimmer: Could you give me a couple of examples of what you mean by “challenging”? Give me

one good example of a challenging situation you had with Mazza in terms of interacting with him as one of his executive officers.

Mr. Tom Rothfels: Um.

Mr. David Zimmer: Just so I get the flavour.

Mr. Tom Rothfels: Right. In general, his management style did not include an open discussion of issues. He would make a decision, he would announce the decision, and people were expected to follow that through. I myself often questioned the thought process, analysis or logic that may have gone into that decision when I may not have agreed with it, and areas of aviation where I felt I had some significant competence, yet decisions were made that, frankly, I found difficult to understand.

Mr. David Zimmer: And yet on paper—

The Chair (Mr. Norm Miller): You're pretty much out of time.

Mrs. Liz Sandals: For the whole time?

The Chair (Mr. Norm Miller): No, you'll have another 12 minutes.

Mrs. Liz Sandals: We'll bite into it and let Mr. Zimmer carry on.

The Chair (Mr. Norm Miller): Okay. Go ahead

Mr. David Zimmer: And yet, you know, the irony is that on paper Dr. Mazza obviously is a very intelligent person. He's a highly trained physician—a trauma physician, emergency medicine—MBA training. Academically, I expect he was probably a star in his studies and so on. How do you account for someone with that apparent level of academic intelligence, at least, not being able to function as a chief executive at least vis-à-vis his executive team?

Mr. Tom Rothfels: I wouldn't say that he wasn't able to function. I think there's quite a difference between going to school and learning stuff out of a book, and being in the real world where you have to operate in a much messier environment than what you see in textbooks and what you learn at school.

Chris had never run an organization like Ornge. Chris had no background in aviation and had no experience. So it wasn't a matter of whether he was bright or intelligent; he is. There wasn't any experience there in business, in aviation, in the areas where he was now suddenly involved and he had nothing on which to fall back.

Mr. David Zimmer: Given that and given your executive experience yourself, when you were recruited to join Ornge, you must have done your own due diligence; that is, who's the CEO, what's the CEO all about, what's his personality, what's his vision, what's his background? As an experienced executive professional, is this an environment that I want to join up with? Obviously, you said yes. So given what you knew about Mazza's background or his inexperience in the area and so on, what motivated you to take up the challenge and join the executive team? I mean, a lot of people might have looked into it and said, "I'm going to steer clear of this. Nothing good can come of this," but you joined. I'm not being critical of that. I'm just asking why.

Mr. Tom Rothfels: Right. Well, in hindsight, of course, that's a very valid point. I met Chris probably two or three times before we decided to work together. As I said, Chris can be a very inspiring, very charming, very—you know, just a charming guy.

He was very passionate about the mission that Ornge needed to accomplish in terms of being the service that provides this medical transportation on this great geographic scale and complexity. He needed some aviation help and was quite passionate about needing someone who could help him make this really the service he always wanted it to be.

Did I look into his background? Yes, I did, and I saw all of these great things that you've described in terms of his medical background and MBA and all the rest of that. I met him a few times and I thought, "You know, I've done all this work in the private or for-profit sector." There was an element, I suppose—I don't want to go too far down this, but there may have been an element, I suppose, of saying, "Well, if I can help in this sort of public service way, then maybe I should do that too."

Mr. David Zimmer: So even an experienced and seasoned executive, as you are, which is evident in your resumé, in your years and years of experience, in the course of doing some background checks and, more importantly, in the course of three or four meetings or so with Chris—and I'm not being critical in this, but you too got caught up in the charming manic of his personality and his vision.

Mr. Tom Rothfels: No, I'd like to think I'm a little more objective than just being charmed by a pretty face and a good story, but—you know, there may have been an element of that, but there clearly was a need in this organization, in talking to him and others, for the aviation expertise that I could bring to the table.

Mr. David Zimmer: Well, most of the other people who have appeared before the committee have talked about recognizing the need of doing the air ambulance piece and doing it properly for the people of Ontario. So there was that, plus the magnetic, charming, visionary, dynamic personality of Dr. Mazza that attracted them. Is that a fair summary of how you got involved in this?

Mr. Tom Rothfels: I think that was certainly an element of it, yes.

Mr. David Zimmer: So what lessons have you learned, as a seasoned executive, as a result of this difficult relationship that you entered into for a while and are now out of?

Mr. Tom Rothfels: You know, I think you take away learnings from every situation. Much of it, I have to say, was positive in that there are a tremendous number of highly dedicated and skilled people in Ornge who work really hard to deliver the service under trying and difficult circumstances, and it was inspiring to be part of that.

It wasn't an entirely positive experience, as I think we've talked about today and as I'm sure you've heard from other people who've appeared here. That's unfortunate, because I think that, again, the vast majority of the people who work at Ornge are now forced to work in

an organization that has a black cloud over it. They see their organization being dragged through the mud, and they had no involvement in that.

Mr. David Zimmer: So what are a couple of big lessons you've taken away from this experience?

Mr. Tom Rothfels: I suppose, if anything, that I'd be very leery of anything involved with an agency in the public service sector, because it clearly operates under different rules than what I'm used to.

The Chair (Mr. Norm Miller): And if you want any time left, you might want to wrap up.

Mr. David Zimmer: All right. Thank you.

The Chair (Mr. Norm Miller): Okay, very well. We'll move to Mr. Klees. You have six minutes.

Mr. Frank Klees: Thank you. Mr. Rothfels, you've been very helpful. I think what you've confirmed is something that we learned this past week, and that is that the government was warned by senior civil servants not to go down this track. You've made it very clear that Dr. Mazza neither had the experience nor the background, certainly no experience in aviation, to take on what was a monumental undertaking—a great concept, but the core competencies were not there to actually deliver on it.

1000

I think that's why we're here today. We're here because what was a good intention just simply did not have the core competencies to be able to deliver on that.

I'd like to just ask you this: You've confirmed for us that you had serious concerns about a number of aspects of the Ornge operation. You confirmed that you had very serious concerns about the kickback document, the marketing agreement that made no sense—there was no financial background to it. You expressed that concern to Ms. Renzella; you expressed that concern to Cynthia Heinz, who was the lawyer for Ornge. You warned them. For whatever reason, they chose to ignore that warning and carried on and, as you say, they ended up papering that document. You confirmed that you expressed your concern to one of the directors of the board, Mr. Lowe, who has fiduciary responsibilities. The fact that none of these people came forward and assumed their responsibilities—whether that be as an executive, whether that be as a director of the board—and none of this was exposed until such time as it became a public embarrassment to obviously not only Ornge, but the government.

So we're here today to determine, really, two things: first, what went wrong and who was responsible—you've been very helpful to us in that; more important is what has to be done to move forward and restore confidence in this province's air ambulance system.

What we're hearing about the lack of competence, the lack of experience and the lack of institutional knowledge about the air carrier side of this industry—sir, nothing has changed since you left. In fact, when you left, you were probably the person who was bringing that experience to the organization.

We have an organization that's flailing. I saw a report yesterday that is riddled with incident reports about patients dying because of either a lack of competence on

the dispatch side or a lack of competence on the part of the individuals who are doing the staffing—understaffed bases, whether that be for pilots or for paramedics. We have a serious problem, and I think that unless the government gets serious about hearing from people like yourself who are telling us that this is a fundamentally flawed structure, that we need some competency, certainly on the air carrier side—until we do that, more people are going to die. We're going to continue to have the kind of incident reports that we're getting almost on a daily basis.

I'd like to know from you: The recommendation has been made—in fact, I think Mr. Blum, amongst others, stated in their testimony here—that the only way to move forward is to pause, to restructure this, to admit that mistakes were made, that the competencies are not there, that the air carrier side of this air ambulance service has to be rethought, that we get back to the point where we contract out that competency—because it is out there. It was done before Ornge under a third party contracting basis to air carriers who are stationed throughout the province who have the ability. They have the knowledge, they have the experience, they have the ability to staff. And that we refocus and get the public side of this back into the business of actually focusing on the health care side. Trying to be all things to all people is how we ended up here.

I would just like your thoughts on that and to take advantage of your experience, your insight into this organization now that you're not there. Can you give us some guidance in terms of just your thoughts on next steps?

Mr. Tom Rothfels: First of all, I think your concerns are very valid. There is an established model out there in the world for what Ornge probably should do. The best example is Federal Express.

FedEx, for many of its air operations, owns the aircraft and then subcontracts private contractors to operate them on behalf of Federal Express, and there are a couple of reasons for that. First of all, FedEx has access to capital and their capital cost is lower than these contractors. But even more importantly, it gives FedEx the chance to make sure that that service is being delivered on the most cost-effective basis with industry players who are known to have good safety records who are being audited regularly by the regulatory authorities—whether it's Transport Canada or the FAA or whatever it is—and FedEx does their own internal audits. It allows FedEx to change operators and put the contract out to competitive bid on a regular basis without worrying about who has the appropriate assets to be able to supply the service.

Ornge has exactly the same situation. When the contract with CHL, the rotary-wing operator, came up for renewal, the problem was that Ornge couldn't find anybody else to bid on it because no one had the aircraft. You just can't find 10 or 12 of these expensive aircraft, properly equipped, lying around waiting for somebody to pick up a contract. So there simply wasn't a way to take this contract away from CHL and give it to someone else because CHL owned the assets.

I think that the Ornge model that probably makes sense is that there's nothing wrong with owning the assets and then you can put them out to competitive bid on a regular basis. There is a significant difference, though, in trying to operate those assets. What you suggested in terms of getting back to a medically focused organization, have the private air carriers operate the air service under Transport Canada guidance and regulations, proper audits by Ornge, making sure that they're following the requirements that Ornge lays out, is probably a model that would make a lot of sense.

The Chair (Mr. Norm Miller): Mr. Klees, you're way out of time. We'll move to the NDP, and you have 12 minutes.

M^{me} France Gélinas: You've said a few times that you haven't worked in the public sector before and, given that experience, you're happy to go back to the private sector. Did you know that there was a performance agreement between the government and Ornge?

Mr. Tom Rothfels: I'd heard the words "performance agreement" and I was vaguely aware that that was the basis under which Ornge operated, yes.

M^{me} France Gélinas: You have never seen it?

Mr. Tom Rothfels: Not that I know of, no.

M^{me} France Gélinas: So the part of the agreement that has directly to do with aviation was never shared with you?

Mr. Tom Rothfels: No, no.

M^{me} France Gélinas: So it was there, part of it squarely had to do with aviation, but it was never shared with you. You were never asked to report on it, anything of the sort?

Mr. Tom Rothfels: No, not at all.

M^{me} France Gélinas: All right, that's reassuring. I'm joking; it's not reassuring at all.

Do you know if anybody else reported on the performance agreement, if anybody else let the government—which was the payer, really—know what was going on?

Mr. Tom Rothfels: No, I don't know.

M^{me} France Gélinas: You don't know. It was not something that was talked about. It was not something that you had to worry about because it was never brought to your attention.

Mr. Tom Rothfels: Correct. I was the aviation guy. I was put over in a corner and told, "Do aviation stuff."

1010

M^{me} France Gélinas: Okay. "Make sure the aircraft are there when we need them and perform the way we want them to perform?"

Mr. Tom Rothfels: Yes.

M^{me} France Gélinas: Did you want to ask your questions now?

Mr. Jagmeet Singh: Yes.

You indicated there were some business consultants who initially came up with this plan, and it was quickly abandoned. Who were those consultants, and do you know how much they were paid?

Mr. Tom Rothfels: I don't remember their names, and I do vaguely recall that they were paid what I thought

was a fair bit of money, a couple hundred thousand dollars, to produce this.

Mr. Jagmeet Singh: I'm just going to read this other question: Do you know how the previous business plan was approved if you thought it was so bad that it took you looking at it—and again, give me your opinion—for it to be eventually scrapped? This would have been a marked and substantial change from the initial business model that the government had approved; do you know if there was any government approval that went along with this business plan that was eventually scrapped?

Mr. Tom Rothfels: I'm not sure it was ever approved. I think the business plan was developed; it was handed to Dr. Mazza. I think he then handed it to me and said, "What do you think? We want to implement this." I said, "I just don't understand it."

Mr. Jagmeet Singh: Okay. I'm going to ask you another question, and then I'm going to pass it over to my colleague. We were talking about how you were uncomfortable with the shift towards aviation from being medically driven. Do you know if this would have required any approvals from the government, and were any of those approvals granted? Were you in the loop in terms of the government supporting any of these decisions for the Ornge mandate to shift towards the aviation focus? I mean, did you ever have to wait for approval before you could proceed to the next stage of acquiring any airplanes or aircraft? Can you comment on those?

Mr. Tom Rothfels: I wasn't aware of any approvals process that was done with the government or anything like that, no.

Mr. Jagmeet Singh: Would you be able to conjecture that perhaps there was just a rubber-stamping going on, that the government had just given wide latitude to what Ornge could do and didn't oversee these particular steps, whether or not they approved of switching into aviation or approved of acquiring the aircraft and dealing with ending the contracting-out to private airplane operators?

Mr. Tom Rothfels: Again, I wasn't involved in any of that. I don't know.

M^{me} France Gélinas: So for the three years and seven months that you were there, where major business decisions were made—I mean they acquired millions of dollars in aircraft, shifted their business model dramatically from subcontracting to operators in Ontario to owning the aircraft and operating. Through all of this, never were you questioned, "We've got this question from the Ministry of Health asking us to justify this, that or the other thing aviation-wise"? None of that ever came to you? You never gave any account to the government whatsoever?

Mr. Tom Rothfels: I, personally, never gave any account to the government, and I don't recall anybody asking me or having any involvement at all in terms of government briefings or approvals or any of that.

M^{me} France Gélinas: If the government had asked how the purchase of the helicopters was decided, what was the process followed, would you be the one that would have been asked to put that paper together, given that you had led the team?

Mr. Tom Rothfels: You know, I could have been. I suspect that that's probably something more that Maria Renzella probably would have done if the government had requested that.

M^{me} France Gélinas: Okay. Do you know if Chris ever reported to the government?

Mr. Tom Rothfels: I don't. I mean, again, I was just not involved.

M^{me} France Gélinas: You never heard about any obligations to report, any obligations to put documents together so that you could meet the requirement of the performance agreement?

Mr. Tom Rothfels: I was certainly aware that there were meetings that either Chris Mazza, Jacob Blum or others would have with different people within the government. I had an understanding that there were meetings happening with the government. The subject of those meetings and the content and discussions were something that I simply wasn't involved in.

M^{me} France Gélinas: Okay. Jacob became very uncomfortable with what was going on at Ornge and, in his dealing with the ministry, certainly let the ministry know of how uncomfortable he was with some of the decisions that were being taken—a \$600,000 decision certainly being one of them. Did Jacob ever share any of his lack of comfort with what was going on at Ornge with you or with any other?

Mr. Tom Rothfels: Not with me.

M^{me} France Gélinas: No?

Mr. Tom Rothfels: No.

M^{me} France Gélinas: Do you know if he had let it be known internally that he was unhappy with some of the decisions that were being taken at Ornge?

Mr. Tom Rothfels: No, he wouldn't—you know, Jacob was fairly discreet. He never shared anything with me along those lines.

M^{me} France Gélinas: And you never heard it through other sources of information through the office either?

Mr. Tom Rothfels: That Jacob was uncomfortable?

M^{me} France Gélinas: Yes.

Mr. Tom Rothfels: Not that I recall.

M^{me} France Gélinas: Do you know why he left?

Mr. Tom Rothfels: No, I never really knew. I didn't know whether it was at his choice or at Chris's choice. I knew that there had been some disagreements—I heard that there had been some disagreements between him and Chris and they had come to a parting of the ways, and that was the end of it.

Mr. Jagmeet Singh: If you had seen something like the overpayment on the weight for the helicopters in the private sector, what would you have expected, in terms of what your shareholders or the board would have done? This was the public sector. If that happened in the private sector, what would you have expected?

Mr. Tom Rothfels: It was a complete non-issue. It was covered in the purchase agreement. You can't blame Agusta for trying. This goes on all the time. It's the way the game is played. You call them up and say, "Nice try, boys. It ain't going to happen," and move on.

Mr. Jagmeet Singh: But what would you expect that your shareholders would have done or the board members would have done if they would have heard of this issue or if this came to their attention?

Mr. Tom Rothfels: I've never seen a situation in any organization that I've been involved in where this would have ever gone to a board. It just would never—maybe it does happen in other places, but this isn't a matter that would have gone to a CEO or a board, because it would have been stopped at a level way below that.

Mr. Jagmeet Singh: Okay.

M^{me} France Gélinas: You were the lead for the negotiations of the helicopters with Agusta. Then Mr. Potter came in and you went on doing something else. The whole time you were there, Chris was not on the negotiating team, but you updated him regularly. But at the very end, you said that Chris was involved in discussions with Agusta; there might have been other reasons why this extra payment was going on. When did Chris become involved, directly dealing with Agusta?

Mr. Tom Rothfels: Oh, Chris was involved from the very beginning. I mean, we first met Agusta when they responded to the RFI. We went over to Italy to tour their facilities. Chris was there on that trip and met all the senior people at Agusta, so he had created a relationship with them from the very beginning.

The Chair (Mr. Norm Miller): You have two minutes left.

M^{me} France Gélinas: Okay. So the relationship has been created, then you come in as the lead negotiator and Chris is not on the negotiating team.

Mr. Tom Rothfels: Not in the room, day to day, but, I mean, he was making the decisions.

M^{me} France Gélinas: Okay, but he would make the decisions. He was not in the room day to day, but would he still negotiate on the side?

Mr. Tom Rothfels: Not that I'm aware of. I was conducting the negotiations, but I was authorized by Chris to go as far as this on this point, or offer this concession or do that, and that's what I would do.

M^{me} France Gélinas: And that's what you would do.

Mr. Tom Rothfels: Yes.

M^{me} France Gélinas: But Chris was involved when it became time to pay the extra \$600,000?

Mr. Tom Rothfels: He certainly, as far as I know, made—you know, when he found out that Rick had gotten an agreement from Agusta that they weren't going to charge that, as I recall and as far as I'm aware, Chris was the one that decided that it would be paid.

M^{me} France Gélinas: Okay.

Mr. Jagmeet Singh: Are you familiar with Luis Navas?

Mr. Tom Rothfels: Yes.

Mr. Jagmeet Singh: Was Luis Navas the COO of Ornge Global?

Mr. Tom Rothfels: You know, he was on the board for a while. He then came in in some capacity, but I was never sure what he was doing.

Mr. Jagmeet Singh: Okay. He testified last week that he signed some documents in 2009, and he had signed them as the COO of Ornge Global. I mean, would that make sense to you? Did you have any independent knowledge of that?

Mr. Tom Rothfels: It's possible, but again, I wasn't involved.

1020

Mr. Jagmeet Singh: Okay. If there had been an organizational chart of executives of Ornge or Ornge Global, do you know where Luis Navas would have appeared or if he would have appeared at all?

Mr. Tom Rothfels: No.

M^{me} France Gélinas: Have you ever seen an organizational chart of all of the subsidiaries of Ornge?

Mr. Tom Rothfels: No.

M^{me} France Gélinas: It's worth having a look, let me tell you.

Mr. Tom Rothfels: I've heard that it looks like spaghetti.

The Chair (Mr. Norm Miller): If we can move to the government for the remaining time, please. Ms. Sandals.

Mrs. Liz Sandals: Ornge International is mysteriously absent from the spaghetti plate—no meatballs called Ornge International.

Mr. Tom Rothfels: There were never any meatballs; it was never there.

Mrs. Liz Sandals: I wonder if we could go back to Era and the negotiations and their expertise. I believe I understood you to say that they operate AW139s.

Mr. Tom Rothfels: Yes.

Mrs. Liz Sandals: And you were involved as the aviation expert here as Ornge was acquiring aircraft. There has been some questioning of whether AW139s were appropriate—leaving out the expertise—to operate. Was that an appropriate choice of aircraft for the purpose for which they were procured?

Mr. Tom Rothfels: Yes. I believe it was.

Mrs. Liz Sandals: You then spoke about the expertise and that this joint venture with Era fell apart after you left, and you were trying to fill specific gaps. At the point that that fell apart, what were the gaps at Ornge that went unfilled, at least by that particular agreement which you had negotiated?

Mr. Tom Rothfels: Wow. Operating rotary-wing aircraft of this level and this degree of complexity—because these are not simple, little, single-engine training helicopters; they're complex, twin-engine, medium-weight helicopters that were designed mainly with the offshore oil industry in mind. So they have a great deal of capabilities built into them. But a helicopter is something that tries to shake itself apart at any opportunity it can—

Mrs. Liz Sandals: Just by the virtue of opposing propellers?

Mr. Tom Rothfels: Everything's going on. I mean, there's an old saying in the helicopter industry that a helicopter is 15,000 pounds of metal fatigue rotating around an oil leak. Theoretically, it shouldn't fly; it's like a bumblebee.

But to operate aircraft like this, you have to have a tremendous degree of expertise in everything from spare parts, materials management, supply chain, warehousing, engineer training in airframe, engines, avionics, landing gear and propellers. You have to have pilots who are properly trained and are scheduled every six or 12 months for recurrent training. There's constant turnover. It is a very, very complex organization.

When you add to that that this isn't a scheduled air service—you've got helicopters operating out of remote bases scattered all over the province, on demand. So at 2 in the morning in the middle of a snowstorm, off you go. This is way more complicated than an offshore oil operation that operates during the day, in nice conditions and nice warm water in some cases.

It is an extraordinarily difficult thing to do to manage a transition from the old aircraft, the Sikorsky S76s, which are three generations behind the AW139, to the new aircraft where you have two sets of spare parts, two supply chains, two different skill sets in terms of flying the aircraft and maintaining them. This is an enormous undertaking.

Where was the lack of competency? Ornge had none. Ornge had never done this before.

Mrs. Liz Sandals: And just one final question because we have a bell competing with us. You've obviously got a lot of respect for Era and the work it could have done to build that expertise. Do you continue to have any sort of other business relationships with Era?

Mr. Tom Rothfels: Yes. I was—

Mrs. Liz Sandals: And could you describe them?

Mr. Tom Rothfels: I worked for Era for a while after I left Ornge. I'm not with them anymore.

Mrs. Liz Sandals: Okay. Thank you very much.

The Chair (Mr. Norm Miller): Thank you very much for coming before the committee this morning.

We are recessed until this afternoon at 12:30.

The committee recessed from 1025 to 1230.

MR. TOM LEPINE

The Chair (Mr. Norm Miller): I'd like to call this meeting to order and welcome Mr. Tom Lepine to the committee this afternoon. I'd just like to confirm that you did receive information about a witness coming before the committee.

Mr. Tom Lepine: Yes, I did.

The Chair (Mr. Norm Miller): Very well, thank you. Our clerk has an oath or an affirmation for you.

Mr. Tom Lepine: I prefer an oath.

The Clerk of the Committee (Mr. William Short): The Bible is on the table there. Mr. Lepine, do you solemnly swear that the evidence you shall give to this committee touching the subject of the present inquiry shall be the truth, the whole truth and nothing but the truth, so help you God?

Mr. Tom Lepine: I do.

The Clerk of the Committee (Mr. William Short): Thank you.

The Chair (Mr. Norm Miller): Thank you. You can start with an opening statement, and then we'll move to the NDP this time to start questions after your opening statement.

Mr. Tom Lepine: Good afternoon. My name is Tom Lepine. I was the former chief operating officer of Ornge.

Thank you, Mr. Chairman and honourable members of the committee, for providing me with an opportunity to present an opening statement today and to answer any questions regarding Ornge in an open, honest and transparent manner.

There have been many statements made in the media and in the House by members of various parties and by others of activity at Ornge. The public has the absolute right to know where their tax dollars are used and for what purpose.

I have had the privilege of helping patients in this province for over 32 years. I've devoted my entire adult life to providing the best care possible. The reality in health care today is that dollars are scarce and need to be spent wisely and creatively to deliver the best possible care to as many patients as possible within the fiscal realities that we face.

In my role as chief operating officer of Ornge in Ontario, I took the responsibility for service delivery extremely seriously and very personally. You see, I've never forgotten what it's like to watch a patient die in front of you despite the best efforts of everyone involved in their care. I have never forgotten the fear on a patient's family members as you load their loved one into a helicopter or airplane to move them, in some cases, hundreds of kilometres from their homes to a hospital that can care for them when those services or beds are not available in their area. I remembered these feelings and the impact on patients every single day when faced with operational decisions.

The decisions that are made by governments and health care executives are not easy decisions. I would say that every one of us who makes those decisions does not do so lightly, and has spent many sleepless nights agonizing over them. Difficult decisions, however, must be made to ensure the sustainability of the system. Whether we like it or not, to ignore the financial reality in health care decision-making is to ensure the complete failure of the system.

I know there will be questions regarding the rationale for some of the operational decisions at Ornge, and I'm happy to provide you, to the best of my ability, with the answers you and the public seek.

I would be remiss not to mention that the front-line paramedics throughout this province, in both land services and at Ornge, are among the finest in the world. The paramedics, pediatric transport teams and pilots in Ornge who service the front-line calls are exceptionally skilled, extremely dedicated and rightfully proud of what they do every day. Behind them are support teams who are equally skilled in their own right and just as dedicated to ensuring that they do the best they can every day to ensure that patients get what they need when they need it.

This includes communication officers in the Ornge communication centre, transport medicine physicians, aviation experts, educators, back office support staff, and management.

All of the staff at Ornge strove to perform their duties to the best of their abilities during my 11 years at Ornge, including the past year when every single decision and action was being scrutinized under a microscope and reported almost daily in the media. Their professionalism is unquestionable. It is extremely important not to forget these dedicated staff or to allow the great work that they do to get lost as the investigation of Ornge continues.

I have held various roles in Ornge, starting in education, and progressing to take on the role of a member of the negotiating team which negotiated the first performance agreement with the ministry, and eventually assuming senior management positions within operations. I was very fortunate to work alongside Mr. McKerlie when he joined Ornge as the interim CEO.

The appointment of a new leadership team, including Dr. Barry McLellan, to oversee quality and medical aspects of the organization will ensure that the organization moves forward in a transparent and positive manner.

I believe it is important to spend a minute to describe the service that Ornge delivers for the benefit of the public, who may not really understand the complexities of the system and the dependencies on others in the health care system.

For many, in particular in southern Ontario, Ornge conjures up images of helicopters landing at the scene of horrific accidents. These calls, however, make up less than 8% of the calls that Ornge responds to. The majority of calls are the transport of patients between hospitals in either fixed-wing aircraft, or airplanes, helicopters or land ambulance units so they can get access to the care they require. The majority of these calls occur in the north. In the remote communities of northern Ontario, transport by air is often the only access to the health care system.

Many of the patients transported are the sickest of the sick in Ontario, including patients who are beyond the capability of their local hospital to adequately treat them and are therefore transported to hospitals with the availability of specialty services. These patients are often on ventilators with multiple medication infusions, and in some cases are being transported as the final heroic measure to save their life.

At times, there are multiple requests for the same aircraft. As in any emergency department, triage decisions must be made. These triage decisions are made by physicians in the Ornge communication centre, a vast improvement over the process for these decisions before the creation of Ornge.

Ornge is the link that supports the Centres of Excellence model for hospitals in Ontario. Successful transport of a patient requires the coordination of many different resources. Sending hospitals must first identify early on that a patient needs to be transported. A search for a

receiving hospital that can care for the patient and has an available bed is performed by CritiCall. Weather is a major determinant as to when aircraft can fly, as are Transport Canada regulations regarding pilot rest. Collective agreements with unionized staff have requirements for rest that dictate when paramedics can be assigned calls other than emergency transports. Availability of land ambulances to transport non-urgent patients to and from airports is a major determinant of aircraft availability, as Ornge is often unable to unload a patient for the final land leg from the airport to the hospital, leaving aircraft and paramedics unavailable for other calls. Municipal land services must also triage their calls to ensure coverage for emergency calls within their communities, often leaving them unavailable to pick up patients from the airport for Ornge.

Once all these things, however, come together and the transport of a patient takes place, the patient is moved from the relatively controlled environment of a hospital to an enclosed space where paramedics and pediatric transport teams do their best to treat the patient in an environment that is cramped and noisy and sometimes hours from the receiving facility.

Moving on, I would like to include in my statement for the record three important facts:

(1) In response to statements made that Ornge was uncooperative with the AG's office, I can stand before you here today and say with great confidence that I and all staff that reported to me cooperated fully with the AG and his team to provide information, background and answers to all inquiries regarding operations or medical oversight as quickly and completely as possible.

(2) The ministry was kept informed of requirements under the performance agreement and Ambulance Act, and proactively to proposed changes to the way in which Ornge operated in Ontario. Quarterly meetings were held with senior executives of Ornge and representatives from the ministry to the level of the ADM in which plans, issues and challenges were discussed. These included discussions prior to the implementation of changes to scene response policies and plans to deal with Ornge's projected deficit for the fiscal year 2011-12, including plans to deal with escalating overtime costs and other service delivery options. I am pleased to see, however, that measures have been put in place to clarify the types of reports that will assist the ministry to monitor the performance of Ornge to ensure the confidence of the public.

(3) When I did become aware that inaccurate data had been provided to the ministry and to the AG, as Mr. Bates noted in his testimony, I notified the AG's office and the ministry immediately, without hesitation or reservation, and provided the appropriate data sets.

In closing, I feel privileged and proud to have had the opportunity to work with the many dedicated men and women at Ornge. I am dedicated to working with this committee to ensure that Ontarians have a service as crucial as Ornge that they can be proud of.

Thank you, Mr. Chairman. I welcome questions from the committee.

The Chair (Mr. Norm Miller): Thank you. We'll have 20-minute rotations, starting with the NDP. Who would like to go first? Ms. Gélinas, please go ahead.

M^{me} France Gélinas: Thank you for coming to Queen's Park, Mr. Lepine. The first question I'd like to ask is a bit personal, but I hope, in the spirit of your opening comment, you will agree. How did you come to leave Ornge, as in fired or left?

Mr. Tom Lepine: I was terminated from Ornge without cause on February 16 of this year.

M^{me} France Gélinas: And did they tell you why you had been terminated?

Mr. Tom Lepine: Mr. McKerlie and I had a pretty frank discussion, in that I think it is pretty much necessary in order for Ornge to move forward. He indicated that there were no issues with my performance or anything else, but it was more to the point that in order for Ornge to ever be able to move on with the scrutiny that's taking place, I think—and I agree that it's necessary. They won't be able to do so while any previous COOs or the CEO or executive vice-president are still there.

M^{me} France Gélinas: So they basically explained the need to turn the page and move over with new management because things went wrong?

Mr. Tom Lepine: Yes, absolutely.

M^{me} France Gélinas: Why do you figure we need to turn the page at Ornge?

Mr. Tom Lepine: Transparency, accountability. I would say that those are the main things that we have to turn over, absolutely.

M^{me} France Gélinas: Can you give me some example of where transparency had failed?

1240

Mr. Tom Lepine: Well, I mean, the main one that is being discussed and I agree with is the availability of salaries. When Dr. Mazza left, I was appointed interim CEO for two short weeks before Mr. McKerlie came in, and I made it very clear to staff at a town hall meeting that those days were over, that everybody will be reported who makes over \$100,000, on the sunshine list, fully disclosed—it doesn't matter what entity you're in—that we would be amalgamating the entities, those types of things. I think that's important, to be able to follow where the money is going and how taxpayers' dollars are spent. Those are the main priorities, absolutely.

M^{me} France Gélinas: I'll come back to accountability, but staying on transparency, did you know how much Mr. Mazza was making?

Mr. Tom Lepine: I figured out, first of all, what he was making when the Auditor General's report—before the draft report was released to us, we met in one of our boardrooms with the Auditor General's team. There was myself; the chairman of the board, Rainer Beltzner; Barry Pickford; Maria—and I think that was pretty well it. When they presented their facts to us—it wasn't their draft yet, but they were certainly going through their facts—they gave us an aggregated amount for what the top five executives made at Ornge. I just quickly, on my

notepad, took my own salary and multiplied that by four, figuring that the rest must be making pretty close to what I made, and came up with \$1.2 million, which later turned out to be \$1.4 million. So that was the first indication I had.

Immediately after the meeting, I went up to Maria's office and spoke to her and said, "Is this true? Is he actually making this?" She said, "Well, around there. I don't have the exact number right now, but yes, it's around there."

So that was the first indication that I had of what he made. It was confirmed when the minister was asking us to present her the salary, and we were getting some push-back in terms of being able to present that. Once we compiled the data, it did in fact come out to be \$1.4 million.

M^{me} France G  linas: That happened last spring, when the Auditor General had come in?

Mr. Tom Lepine: Yes. Just before they went off to write their draft report, they met with us to just go over some of the facts, that they had to give us an opportunity to say whether any of them were off or anything like that. I don't know—I'm sure Mr. McCarter could say when that would have been.

Mr. Jim McCarter: It could have been—probably verbally we might have discussed that.

Mr. Tom Lepine: Yes, it was.

Mr. Jim McCarter: And then, I think when you got the draft report in September, I think we did make reference that there were five people with a total salary of \$2.5 million.

Mr. Tom Lepine: That's correct.

So, in answer to your question, Madam G  linas, I did know when they first presented it to us orally, by calculating it myself. Then, when it was in the report, it made it fairly easy to calculate.

M^{me} France G  linas: Here again, I know that it's personal information, but in 2008, your salary was \$158,000. By 2012, we're at \$300,000. That's 2008—we all know what the economy of Ontario looked like. We were in the grip of a recession, which we're having a tough time coming out of. We've heard a lot about wage freezes in the broader public service. Your salary was coming from the broader public service. How did it get to increase by \$142,000 over a three-year period?

Mr. Tom Lepine: That was a board decision, so Dr. Mazza came to me in my office and told me what my salary was. The board and Dr. Mazza determined what it was going to be. There was no negotiation or anything else, and obviously I stayed employed there, so I accepted it.

M^{me} France G  linas: Is this how salary grid changes were made? The board and Mr. Mazza would decide, and then it was shared with you?

Mr. Tom Lepine: Yeah, absolutely.

M^{me} France G  linas: The management team never talked about it? No?

Mr. Tom Lepine: No.

M^{me} France G  linas: Did the Ministry of Health ever ask about how much you were paid prior to 2011?

Mr. Tom Lepine: Not that I'm aware of. If they did, they would have probably gone through Maria's office, but they certainly never asked me, and it was on the sunshine list.

M^{me} France G  linas: Okay. They never asked you if you wanted your salary on the sunshine list, if you would prefer not to or anything like that?

Mr. Tom Lepine: The ministry?

M^{me} France G  linas: No. Maria and the people within Ornge.

Mr. Tom Lepine: No. They made it very clear that I would always be on the sunshine list as a COO. Once I became COO of Ornge, I was always on the sunshine list, but they did split my salary and put some of it under Ornge Peel in certain years. For example, in 2007-08, everything was on the sunshine list; in 2009-10, it was back in; and 2011 was in.

M^{me} France G  linas: When some of it was being charged to Ornge Peel, then was that part on the sunshine list or not?

Mr. Tom Lepine: No, it was not.

M^{me} France G  linas: Okay. So you received income from two different corporations of Ornge—

Mr. Tom Lepine: That's correct.

M^{me} France G  linas: —one being public.

You did mention that you had quarterly meetings with the Ministry of Health. What were those meetings for?

Mr. Tom Lepine: Basically to discuss any issues that were going on, an opportunity for them to have any questions that they had answered, an opportunity for us to discuss any challenges that we were having. Minutes were taken and an agenda was circulated prior. The first few meetings—I think we only had one at our office, and I believe the rest were by way of teleconference.

M^{me} France G  linas: Okay. In those meetings, did—I guess if you follow the press, you would know that the NDP had filed a freedom of access of information for salary way back in 2008. In those discussions, did the ministry ever ask you about those salaries, about the freedom of access of information?

Mr. Tom Lepine: They never brought up the freedom-of-information questions at all. I certainly have had discussions—I was frequently in touch with the Ministry of Health, emergency health services branch, primarily through Dennis Brown, prior to his retirement, and then afterwards with Malcolm Bates and Patricia Li. Malcolm and I had several discussions where he would say, "Tom, it would be so much easier if Chris would just report his salary." And I said, "Absolutely, Malcolm. We all agree on that, and you've got no pushback from me," but I didn't have the authority to do that.

M^{me} France G  linas: So Malcolm knew that Dr. Mazza was not reporting his salary on the sunshine list?

Mr. Tom Lepine: Oh, absolutely.

M^{me} France G  linas: He addressed that with you. Did he bring it to be known as to why that was important?

Mr. Tom Lepine: He didn't say why it was important. I think we all know why it's important, in terms of transparency and being forthright with the ministry. I can

say—and I've read the testimony of other people from Ornge, other executives, and I can stand here before you today and say nobody else had a problem with it, so everybody else would have been willing to disclose.

M^{me} France Gélinas: But Mr. Mazza was not the only salary that was hidden from the sunshine list. Other executives who testified very similarly to you, saying, "I had no problems sharing it," their salaries were not shared.

Mr. Tom Lepine: He put me on—it was his choice who went where, as far as I understand it.

M^{me} France Gélinas: He, as in Dr. Mazza?

Mr. Tom Lepine: Dr. Mazza, sorry. He put me on the salary disclosure list, and I had no problem with it, because I was running Ornge Ontario.

M^{me} France Gélinas: I want to come back to the meetings that you had through teleconference or otherwise with the Ministry of Health. You talked about, "Agendas were circulated; minutes were taken." Where are those kept? And do you figure we could ask for copies of those?

Mr. Tom Lepine: Oh, certainly. So it was typically—I think they took turns between Michael LeGros from the ministry and Scott Lovell from Ornge, in terms of, first of all, developing the agenda, getting agenda items, and then preparing the minutes, and then they would circulate them back to both parties. I think you could probably get the minutes from either the ministry or from Ornge, either one.

M^{me} France Gélinas: Okay. Physically, do you know where they were kept?

Mr. Tom Lepine: No, I don't.

M^{me} France Gélinas: Were they emailed around or were they paper copies?

Mr. Tom Lepine: Oh, yes; they were emailed around. Everybody who attended the meeting got a copy by way of email and you had an opportunity to correct the minutes or anything else and then they were finalized. So I would say that they're stored in soft copy.

M^{me} France Gélinas: You did mention that sometimes at the meetings comments were made that the ministry had wanted salaries—certainly of Dr. Mazza—to be made public, that it would make things easier. Did the ministry ever make other requests that were denied?

Mr. Tom Lepine: So, first of all, just to clarify: At the meetings themselves, it didn't come up, that I can recall, but in various conversations with Malcolm—we spoke fairly frequently. They were frustrated, and he would often say, "Tom, it would just be so much easier if Chris would report it."

M^{me} France Gélinas: How long ago was that, do you figure?

Mr. Tom Lepine: That's probably going back at least two years.

M^{me} France Gélinas: So in 2010 or 2009? Shortly after?

Mr. Tom Lepine: At least.

M^{me} France Gélinas: Yes, in 2009, shortly after we asked for the freedom of access. Okay. So you had

frequent communication with the ministry. Did that stay all the way through, as in from 2009-10? The whole tenure at Ornge, you were in regular contact with the ministry?

1250

Mr. Tom Lepine: Yes, absolutely. I know that Jacob Blum testified earlier as well that he met with the ministry frequently. I often attended those meetings with Dennis over at the EHS branch—not as often as Jacob did, but I certainly went over probably every month or two months. Basically, Dennis called them fireside chats, and we would sit and have a coffee and go over any issues and keep him updated on anything that was going on.

After Jacob left, I continued those meetings with Dennis up until he retired. Once Catherine Rosebrugh joined our organization as regulatory affairs, she attended with me, with Dennis. Then she took over—she did most of the communication above the level of Dennis, so with Malcolm or the ADM or anything at that level, up until—let's see, I would say it would be last year, so the end of 2010, when Chris said, "You deal with the ministry from now on, Tom. I don't want to be dealing with them. You deal with Malcolm and Patricia. Steve can deal with Tony Campeau and Rob Nishman."

M^{me} France Gélinas: Okay, so you were in charge of dealing with Malcolm and Ms. Patricia Li?

Mr. Tom Lepine: Just for operational issues. Lisa Kirbie, who became our director of regulatory affairs, I believe, did most of the communication on stuff other than operations.

M^{me} France Gélinas: I want to bring you back to a memo that I'm sure you'll be able to identify—but I could circulate it, if you need to—that basically outlines the new corporate structure of Ornge. That was dated January 2011. We already know that numerous briefings took place about this memo. Did you ever help brief anybody at the Ministry of Health about this memo?

Mr. Tom Lepine: Yes, I did. I was there with Rainer Beltzner and Alfred Apps.

M^{me} France Gélinas: Who on the ministry side attended those briefings?

Mr. Tom Lepine: The one when the initial report was tabled—I believe, up to the level of deputy minister was there, but nothing above that.

M^{me} France Gélinas: So the deputy minister was there—

Mr. Tom Lepine: I believe so. I'm trying to think back, because we later had the briefing with the minister regarding the salaries, so I'm just trying to get the two worked out.

M^{me} France Gélinas: Did they raise any questions at the time?

Mr. Tom Lepine: Regarding what? The presentation?

M^{me} France Gélinas: Yes.

Mr. Tom Lepine: No. Basically, the comments we got back were, "This looks solid. Have your lawyers reviewed it?" I think that was Saad's comments, actually, Mr. Rafi. I think; I'm not absolutely certain of that, so I

just want to say that for the record. It was somebody there who said, "As long as your counsel has checked it over. I don't understand all the legalities of the structure, but it looks solid, and this looks like a good plan to generate revenue outside of Ontario."

M^{me} France G  linas: So as long as your counsel, which was Mr. Apps, had looked it over, they were comfortable. If Mr. Apps said that this was good, then they were comfortable that this was something that the ministry didn't need to look at any further.

Mr. Tom Lepine: I don't know that they were going to look further or not, but certainly, for that meeting, they didn't have any questions regarding it. I would think that they would have taken it to their counsel. But for the purpose of the meeting, to your question, "Did they have any questions about it?", no.

M^{me} France G  linas: Did they ever come back to you for more questions? When you had your follow-up meeting with Malcolm Bates or any of those people, did they ever come back and say, "We need explanation about the for-profits, the not-for-profit, how they're linked?"

Mr. Tom Lepine: Not to me, they certainly didn't. At one of our quarterly meetings when Patricia Li was new to the portfolio, she asked about the structure, and Maria drew it up on the board.

M^{me} France G  linas: Patricia Li asked about the structure and—I missed your answer.

Mr. Tom Lepine: Oh, sorry. And then Maria Renzella drew it on the whiteboard for her.

M^{me} France G  linas: Okay. She's able to draw the corporate structure from memory on a blackboard?

Mr. Tom Lepine: I think it was more of a simplified version at that point. I don't think it had evolved into what it later became.

M^{me} France G  linas: I think Picasso would have had a tough time, but she must be very talented.

Coming back to those meetings, you presented—ADMs and basically people in the know within the Ministry of Health are there. They realize that it is a complex corporate structure. They check with you that your lawyer says that it is okay. Therefore, no more questions.

Mr. Tom Lepine: In terms of the legality of the structure, absolutely.

M^{me} France G  linas: Okay. And we turn the page.

How would you explain that when the minister was questioned on that—this is Minister Matthews—after that briefing that you attended with Mr. Apps and Mr. Rainer and yourself, when asked, "Was there a red flag?" she said yes, of course there were red flags. "We tried to get answers but we were stonewalled."

What event is she referring to?

Mr. Tom Lepine: I have no idea. You would have to ask the minister. To my knowledge, nobody ever stonewalled the ministry in giving them information about anything other than the salary disclosure, for which they had a legal opinion. Ornge had a legal opinion saying they didn't have to disclose, and Chris made that decision

not to disclose. Other than that, to my knowledge, nobody ever tried to avoid giving anybody information.

M^{me} France G  linas: No. Had you had questions, were you under orders or whatever to keep things secret or to not share?

Mr. Tom Lepine: No, no. My role in these meetings was primarily to discuss the operation of Ontario. So sometimes I didn't even speak.

Quite frankly, I didn't understand the corporate structure. I'd only seen the agreement in terms of what was going to come back to Ontario literally days before our first meeting. So I was still trying to understand as well. My role was strictly to talk about what had been done in Ontario and then it was handed over to Rainer to go through the plans and then Alfred to discuss the corporate structure.

The Chair (Mr. Norm Miller): You have about a minute left.

M^{me} France G  linas: Oh, I'm so sorry.

Mr. Jagmeet Singh: That's okay.

If you could just quickly break down who exactly you spoke to at the Ministry of Health and roughly how often it was. If you could just kind of give us names and roughly—

Mr. Tom Lepine: Sure. As I mentioned earlier, initially it was usually with Dennis Brown. So Dennis Brown and I spoke very frequently; I would say every other week or perhaps once a month at least.

I also had—Steve more so than I had fairly frequent conversations with Rob Nishman. Tony Campeau later came over to the air side after Dennis Brown retired. Again, he dealt more so with Steve by that point—I forget what year Dennis retired. But at that point I was dealing more so with Malcolm and Patricia.

The Chair (Mr. Norm Miller): Okay, thank you very much. We'll move on to the government side. Mr. McNeely, go ahead.

Mr. Phil McNeely: Thank you, Chair.

Mr. Lepine, when did you first meet Dr. Chris Mazza?

Mr. Tom Lepine: That would be, I believe, around 1990.

Mr. Phil McNeely: And what was your initial impression of him?

Mr. Tom Lepine: Well, he actually—if I could describe the circumstances in which we met, he came to ride out with me in the ambulance. He was an intern. He was just going through his internship and had to do a ride-out in an ambulance as he was very interested in transport medicine. He came out to ride with myself and Steve Farquhar, who was my partner at the time. Very charismatic, very eager, keen, wanted to play with the siren, that type of thing. So that was my first encounter with him.

Mr. David Zimmer: Sorry, what was that?

Mr. Tom Lepine: Wanted to play with—you know, work the siren for us going to calls, that type thing. So that was my first impression of him: very keen, very, you know, hyper kind of guy.

Mr. Phil McNeely: When you heard about Dr. Mazza's salary—and that's already been mentioned—what did you think of the \$1.4 million a year?

Mr. Tom Lepine: I thought it was ridiculous and what I really felt is the same as I think most Ontarians felt, which is betrayed.

I'm sure we'll get to the discussion later about some of the operational decisions that I had to make. To find out that I was being asked to make those types of decisions, up to and including the potential to have to close bases, in order to stay within budget, and to find out that he had a salary of that and, more particularly, the loans, I felt betrayed and angry.

Mr. Phil McNeely: So you were aware of the advances he had received as well?

1300

Mr. Tom Lepine: Not until we started preparing things for the minister and getting his salary. Maria came up to me and said, "There's something else you have to know."

Mr. Phil McNeely: You were the chief operating officer, so you were number one there. How did these things happen that you weren't aware of before they happened?

Mr. Tom Lepine: What things?

Mr. Phil McNeely: The salaries, the advances.

Mr. Tom Lepine: I would have no reason to ask what the CEO's salary was. He didn't make it public to anybody. I'm a COO. The board determined his salary. Nobody went around asking him what his salary was, and he certainly didn't go—well, I shouldn't say he didn't tell anybody what his salary was. Up to the point where we were actually preparing his salary for the ministry and gathering all the details, he walked into my office shortly before he went off and asked what we were doing. I told him what we were doing, and he said, "Well, Lepine, you know what my salary is." I said, "I don't, Chris. We're pulling it altogether." He said, "Well, it's \$500,000," and I said, "Well, it's not \$500,000, because we've already got documentation here that it's up over a million now and we're trying to include the rest," and he said, "Well, the rest of it goes to my private corporation." I said, "But it's paid through taxpayers' dollars, Chris. That's your medical stipends and we're including that."

Mr. Phil McNeely: The other major issue, of course, is that his girlfriend rose very quickly in the company, was making good dollars as well. What was your thought of that happening in this organization?

Mr. Tom Lepine: He first told Maria, myself, Rhoda Beecher after work one day in—I don't know what year it was. I think it was the end of 2010—in the summer, I think it was. We made it very clear you have to keep work separate from your personal life. Like, I truly don't care what he does in his off time, in his personal life, but we all were very adamant about the fact that he had to keep any relationship separate from what he was doing at work.

Mr. Phil McNeely: Did this create difficulties in the organization?

Mr. Tom Lepine: Absolutely.

Mr. Phil McNeely: The aircraft purchase—Rick Potter, when he was in here, said that he had negotiated to pay about \$7 million less for the helicopters. We heard this morning from Thomas Rothfels that it was \$600,000 per helicopter times 12, so \$7.2 million less. What's your recollection of that?

Mr. Tom Lepine: Rick Potter was constantly in negotiations with Agusta. To use Rick's terminology, he was always trying to beat them up to save some money. So he had been working for quite some time on the weight upgrades. They were charging us for the weight upgrade from 6,400 to 6,800 kilograms. He worked at that for quite some time. He announced at a senior management team meeting that he had negotiated them down to, I believe, zero on it, and including some other upgrades. Everybody clapped and said, "Congratulations." I think I was busy answering an email or something like that, so I didn't catch the first part of it, but certainly clued into what was going on. So yeah, that's my recollection.

Mr. Phil McNeely: Tom Rothfels mentioned this morning—I think he was close to the negotiations—that that weight upgrade, those costs were already in the contract, and Rick Potter was able to see that and to make sure that Ornge would get that \$7 million less, yet it wasn't taken.

Mr. Tom Lepine: No.

Mr. Phil McNeely: Was that time to go to talk to the Ministry of Health?

Mr. Tom Lepine: If I can go through the timeline on that: When Rick negotiated that, approximately a year later, amendment 3, which was the actual amending agreement with Agusta, was signed. So it was a year later, and my signature's actually on that. It was sort of a last-minute addition that Maria put on that somebody from Ornge should be signing it, although the contract was with Ornge Issuer Trust, which I wasn't a signing authority for, and I was no part of any of the negotiations. So I went through the contract with Bruce Tavender and said, "Is Rick happy with this?" I was more concerned at that point—so I wasn't even thinking about the upgrades or anything else at that point. It was a year later, and I really hadn't heard anything about it since. I was more concerned that we were going to be taken advantage of in terms of not getting what we wanted in the helicopters. So I went through it with Bruce and said, "Is Rick happy with this? Is he getting everything he wants?" There's a whole list of landing lights, different avionics equipment, navigational equipment, antennas, multiple different things that he had also been negotiating with Agusta and trying to beat them up on.

I said, "Is Rick happy that he's got everything that he needed in here and has he seen this?" And he said, "Yes." I said, "And who's signed off on the dollar amounts?" And he said, "Maria." I said, "Are these the correct dollar amounts? Is this what's been negotiated?" And he, you know, affirmed that it was. And then I said, "And is this the amount that was negotiated?" And he said, "Yes."

Mr. Phil McNeely: Mr. Potter was quite upset about the reaction he got from Dr. Mazza. We know the final

helicopters did not include the \$7-million discount and you've sort of explained, in your mind, why that was. What did Ornge get for that \$7 million? Can you describe that? Because we haven't had a very good description of what was delivered for that \$7 million delivered by Ornge.

Mr. Tom Lepine: In the actual helicopters?

Mr. Phil McNeely: Ornge received another \$7 million, later.

Mr. Tom Lepine: Yes, I don't—I was not—

Mr. Phil McNeely: What did we deliver for that?

Mr. Tom Lepine: So, there was a marketing services agreement that was negotiated which I wasn't part of, I never did see, as a matter of fact, until—again, after Chris was off and I was appointed interim CEO, I arranged an interview with Kevin Donovan, invited him to come in. Again, in the spirit of openness and transparency—he'd been trying to have an interview with Chris—I offered to meet with him on several occasions and he said, "Well that's great, Tom, but I really want to speak to Chris." So as soon as I was in that role, I invited Mr. Donovan in.

We sat down, which coincidentally was the day Mr. McKerlie was starting. I think Mr. McKerlie arrived 20 minutes before I was meeting with Mr. Donovan, and I briefed him and said, "Why don't you sit in on the meeting?"

So Mr. Donovan asked me about the sales marketing agreement and if he could have a copy. And I said, "Well I don't even know who has it. I really don't know who has it." And Ron and I exchanged glances and said, "We'll try to find it for you." So we found a copy and then there was a debate as to whether we could turn it over because Agusta had a confidentiality agreement attached to it, so I contacted Lou Bartolotta to see if we could turn it over. That was the first time I saw the agreement.

Mr. McKerlie said to me, "Tom, it's time both you and I have a read through this agreement and the deliverables, and see what we delivered for them." So I got somebody to make us up two copies of the sales marketing agreement itself and what they had delivered to date. That was the first I saw of it, so that was when Mr. McKerlie arrived—the day he arrived.

Mr. Phil McNeely: The \$7 million went into the for-profit company?

Mr. Tom Lepine: Correct.

Mr. Phil McNeely: You were involved in the purchase and design of the interior modifications for the AW139 interiors. When did you first discover that you could not do CPR in the helicopters?

Mr. Tom Lepine: I think that was January 2011—either late December or early January, shortly after the first one went into service.

Mr. Phil McNeely: Why do you think that was missed in the helicopter?

Mr. Tom Lepine: I think it was an absolute failure of process that there was no prototype done. It was suggested that we should be doing a prototype; that would

have been caught if we had done a prototype, and it was not done.

Mr. Phil McNeely: Where would the blame go in Ornge for that?

Mr. Tom Lepine: Well again, that is one of the complications of Ornge, that the accountability for things, which is quite often—so if I could walk through that timeline, if time permits and you want to hear on that.

Chris approached me when they had decided to buy helicopters and obviously he wanted to design his own interior with the idea that he would be able to sell it commercially and make money on the for-profit side to later come back into Ontario. He told me he wanted me to pull together a medical team to design the interior and I said, "Okay, I'll get Farquhar on it and so and so." And he said, "Absolutely not. I don't want any management on this team. I want this to be a helicopter interior that's designed by the medics for the medics because no matter what we do, if there's any management interference or suggestions in it, then it's going to be wrong and we'll get blamed for it forever. So I want this to be absolutely done by the paramedics and no management on it at all."

So we picked a team: a paramedic from the south, a paramedic from the north—both rotary-wing paramedics, both very, very experienced; we got one of our transport medicine physicians on the team; there was a project manager that reported directly to Dr. Mazza on it, Philip Giles; and Jim Feeley was on it, from an aviation perspective, VP of aviation, to ensure that anything that was done did not throw off the weight and balance of the helicopter, didn't draw too much power—all of those types of things would affect the flying of the helicopter.

1310

We sent the team over to Switzerland. I went over with them for the first visit, more so from a contract management perspective. Chris had concerns from when he went over about the capacity of Aerolite to be able to deliver the interiors in time, and he wanted me to tour their plant and give him an idea what my impression was as to whether they would actually be able to deliver them or not. When we got back—

Mr. Phil McNeely: I'd just like to interrupt there. Ornge told the ministry that that flaw had been fixed up when it hadn't been. What was that about?

Mr. Tom Lepine: From what I understand of that, when we got the helicopters back and obviously there was a flaw in the ability to do CPR, to transport patients in a semi-sitting, semi-Fowler's position, to deal with certain conditions, I went to Steve Farquhar and asked him if we could actually perform CPR or not, and he said—I think he has already told you about transfers and positioning and all those issues, so I don't think I need to go over that unless you want me to. I said, "Have you been working with medical affairs? Has the chief of staff"—Bruce Sawadsky—"signed off on it? They're saying that it's safe to transport patients. Is it safe or is it not safe to transport patients?" He said, "Bruce is satisfied that with these measures we're doing, it's fine for the patients."

Fast-forward to some of the investigations that come in. I believe that Rick Brady, who's an investigator for the ministry, spoke to Bruce. I knew they were meeting and didn't hear anything else about it. It wasn't until that brief period when I was acting that we had our regular ops meeting and Bruce brought up the fact that he still had some concerns about the interiors. Things weren't moving along as quickly as we had hoped with Transport Canada, and Aerolite was taking forever. The fix that is in place today is the one that we'd been working on for a year, and Bruce voiced at the operations meeting that he was having increased concerns over the interiors.

I looked at him and said, "Bruce, you have been out on a ride-out, correct? You have actually seen this interior?" That's when he told me he hadn't. I ordered him to go out that week and do a ride-out and have a report for me by the end of the week. I think that's when the ministry thought that they'd been deceived.

Mr. Phil McNeely: Thank you. I'll switch to Ms. Sandals.

Mrs. Liz Sandals: How much time do we have left, Chair?

The Chair (Mr. Norm Miller): You have about six minutes.

Mrs. Liz Sandals: Thank you. Thank you for appearing this afternoon. When Kelly Mitchell was here, he testified that there was an emergency board meeting in December 2011 and that at that time you were chosen to replace Dr. Mazza as, I guess, either the interim president or CEO or something. Could you explain to us what was happening with Dr. Mazza at that time that the board thought it was necessary to replace him as CEO?

Mr. Tom Lepine: He was off on medical leave.

Mrs. Liz Sandals: And do you have any insight as to why you were chosen as the successor?

Mr. Tom Lepine: I had been told prior to that that I was the successor planned for Chris in Ontario. If things took off on a global basis, they were looking at appointing me CEO in Ontario.

Mrs. Liz Sandals: That's an interesting observation in and of itself. I think the ministry, the public and people in general have assumed that Dr. Mazza was the primary overseer of the Ontario operation. As we've just discussed, he was making \$1.4 million from public taxpayers' funds to be the primary overseer. I think what I hear you saying, perhaps, is that you were already doing a lot of the work that we would expect the CEO of Ornge Ontario to be doing anyway.

Mr. Tom Lepine: Right. He was still the CEO. What he said to me in 2011, back to being more responsible for dealing with the more senior level of the ministry—ADM, deputy minister level—that he wanted that to be me and that he wanted me to take more of a role in leading the organization in Ontario; in fact, at senior management team meetings had said, "Deal with Tom with your issues." I would still go to him with major issues to say, "Here's what I think we should do," or you know, whatever. Or he would come to me and say, "You're doing this." Then we'd get into a discussion:

"Well, are you in charge or am I in charge? Who's in charge?", because sometimes he would change decisions that had already been made or add new ones on.

Mrs. Liz Sandals: If you, as the primary hands-on operator, wanted to go one direction, and he sort of waltzed in from the international side and said, "We'll do something else," who won?

Mr. Tom Lepine: He always won.

Mrs. Liz Sandals: He always won. Would it be fair for us on public accounts to conclude from this that, while the public accounts of the province of Ontario were paying his salary—leaving apart whether \$1.4 million was an appropriate salary—\$1.4 million worth of his time was not being expended on the affairs of the province of Ontario?

Mr. Tom Lepine: Yes, I don't know how they divided up his salary between Global and Ornge. I'm not exactly sure how that was done. I don't know if that answers your question. I don't know how much was appropriated from Ornge to there—

Mrs. Liz Sandals: Well, we have a copy of an email from payroll at Ornge Ontario, the actual non-profit Ornge, saying that he has left their employ. It would appear that not any of the salary was on Ornge Ontario's books at this point; it was all over there. But the assumption would be that, as we were providing the money, the focus should be on providing service to the province of Ontario.

Mr. Tom Lepine: I think the answer to your question is—if the question is, was the major focus of his attention devoted to Ontario in the last few years—

Mrs. Liz Sandals: That's my question.

Mr. Tom Lepine: No, it was not.

Mrs. Liz Sandals: Thank you. Could I take the remaining time, if there is any, and add it to our next round?

The Chair (Mr. Norm Miller): Certainly, yes.

Mrs. Liz Sandals: Thank you.

The Chair (Mr. Norm Miller): Very well. We'll move to the opposition: Mr. Klees.

Mr. Frank Klees: Mr. Lepine, I'd like to just pick up on the topic of the medical interiors, if I could. Did I hear you correctly; you said that the first time you became aware that there was a problem was in December 2011?

Mr. Tom Lepine: Sorry, after the delivery of the first one, so that would have been December 2010. If I said 2011, that was incorrect.

Mr. Frank Klees: You did say 2011, yes.

Mr. Tom Lepine: Sorry, no; it would have been 2010, either late December 2010 or early January 2011.

Mr. Frank Klees: Okay. Given that fact, why did you not take some initiative and correct those medical interiors if you found out about it in December 2010?

Mr. Tom Lepine: We started acting on it immediately. The first thing that we thought was that they had delivered something that wasn't in accordance with the specs that we'd signed off on. Once that was confirmed, we immediately started working on how we could do a fix to it.

The next thing that people thought—and there was a misperception out there—was that they already had approval for the transverse position for all parts of flights: taxi, takeoff and landing, and any time during flight. When I approached Jim Feeley about it, saying, “Where are we getting at with this?”, he said, “Well, actually, Tom, I think we were misled a little bit on the certification of this. They have to do pull-testing on the stretcher now in the transverse position,” and—

Mr. Frank Klees: Was there not a team from Ornge that actually took a trip or two overseas for the very purpose of helping to design this interior?

Mr. Tom Lepine: Yes, there was.

Mr. Frank Klees: And who was on that team?

Mr. Tom Lepine: That team was a paramedic from the north; a paramedic from the south; Philip Giles, the project manager; and Jim Feeley, VP of aviation. I went for the first trip, again, more so to check on the capacity of the plant and deal with any issues with the contract with Aerolite.

They went back a second time to work on the model. The first time they went, they ran through several scenarios over the course of, I think it was four or five days, in a full-scale mock-up. In fact, I think it was an actual interior that had some mechanical problems, so it was absolutely to scale. They went through a number of scenarios all day long for four days—

Mr. Frank Klees: And you were part of that?

Mr. Tom Lepine: I was observing. I wasn’t taking part in the scenarios per se, because—

Mr. Frank Klees: But you were ultimately responsible for signing off on what turned out to be a \$6-million contract. Is that not right?

1320

Mr. Tom Lepine: That’s actually not correct either.

Mr. Frank Klees: Who signed off on it?

Mr. Tom Lepine: Back to my point earlier in terms of floating accountability: When the interiors were designed, you’ll recall, I said that Dr. Mazza asked me to get a team together, that there was going to be no management on the team. He wanted it to be strictly a paramedic-driven design. I didn’t take part in most of the meetings. When it came down to the final design freeze, Aerolite came over. They were meeting in the boardroom. The two paramedics were down; we flew one down from Sudbury. Philip Giles was here, the project manager; Jim Feeley was there. At this point, the accountability was switching over to aviation in terms of having it put in the aircraft, so there was a project manager from aviation, one from—Philip Giles was still there, and Dr. Denys was there. I went around the table. They had already reviewed the documents, the scope documents, and what was being delivered. I went around the table and asked each individual, “Are you happy that you’ve got what you asked for, that the specs you have in front of you are the specs that you determined meet the exact requirements that you had?” Everybody agreed they were. I gave a verbal report to Dr. Mazza. He asked me, “Is the team happy?” I said, “I went around the table.

Everybody agreed that they’re happy.” At that point it switched over to aviation to manage the installation of them.

Mr. Frank Klees: So you were part of the team. You’re a former paramedic. In your opening statement, you spoke eloquently about your commitment to patient safety. But you never bothered personally to do a hands-on examination and test, even though you were there, you were in Europe, for that purpose?

Mr. Tom Lepine: Yes, I sat in there. I made a couple of suggestions. One of the suggestions I made is, “Why don’t we design this similar to the aviation aspect, the front end, in that regardless of where you sit you should be able to reach for equipment and both sides of the aircraft replicate things set up the same way so it doesn’t matter?” That was a huge improvement. No, I sat there, absolutely, in terms of watching them do their scenarios and taking part, but in terms of actually overriding anything, the only thing that I believe I overrode was that they wanted to have coolers installed in the aircraft to keep some of the medications cool, and when I spoke to Jim Feeley, he said, “Tom, this is going to take so much power. There’s no way this thing will ever get off the ground.” So we said, “No, you can’t have that.” But other than that—

Mr. Frank Klees: Okay. So after two trips and your oversight—

Mr. Tom Lepine: No, one trip for me.

Mr. Frank Klees: —and \$6 million—is that the correct number for the interiors?

Mr. Tom Lepine: Yes.

Mr. Frank Klees: Six million dollars. You found out in December 2010 that they were faulty. How did you find that out?

Mr. Tom Lepine: Actually, it was one of the paramedics that was part of the design process that first reported the issue. Steve reported it to me. I told them to get on it immediately. That’s when I said, “Get medical affairs involved. Is it a risk to patient safety or is it not? If it is not, we won’t be using it.” Medical affairs signed off on it, and we continued at that point to focus our abilities on working with Aerolite to get a resolution to it.

Mr. Frank Klees: Mr. Lepine, I’d like to take just a couple of minutes and read into the record some incidences that relate specifically to that interior, if you wouldn’t mind.

First: On May 17, 2011, Ornge was called on a transfer from Pearson Airport to St. Michael’s Hospital in Toronto. There was a reported patient care issue in flight, and according to reports there was a delay in extricating the patient from the helicopter due to the stretcher jamming. The patient was declared in the emergency room—in other words, he died. The coroner has been notified.

Are you familiar with that case?

Mr. Tom Lepine: I read the report on that case, yes.

Mr. Frank Klees: On July 15, 2011, a critical care paramedic notified the Sudbury CACC that he was unable to perform CPR on the AW139 and would have to accompany the patient in the land ambulance. The patient

was subsequently declared dead. The emergency health services branch investigation found that due to the interior of the AW139, which was designed by Ornge staff, continuous quality CPR could not be performed in accordance with the BLS standards per section 11(a) of regulation 11—uh, 147, under the Ambulance Act.

Are you familiar with that?

Mr. Tom Lepine: Yes, I am.

Mr. Frank Klees: On August 13, 2011, a patient in respiratory distress could not be transported by air ambulance as the Ornge AW139 does not allow for patients in respiratory distress because the patient can't sit up during flight.

You're aware of that?

Mr. Tom Lepine: That one I'm not sure I read.

Mr. Frank Klees: July 17, 2011: The single primary care paramedic on-board the AW139 who arrived at the scene of a motorcycle crash in Parry Sound district informed the local EMS that because of the interior design of the helicopter, he would not be able to perform CPR on the patient. The patient was transported by land ambulance and died en route.

Are you aware of that one?

Mr. Tom Lepine: I'm not aware of that one either.

Mr. Frank Klees: On October 15, 2011, the single paramedic on board the AW139 informed the local EMS that he was unable to perform CPR on the 14-year-old male patient due to the design of the helicopter's interior. The patient was transferred by land ambulance and died.

Are you aware of that incident?

Mr. Tom Lepine: That one also, no.

Mr. Frank Klees: I find it really very disturbing, given your role as COO, first of all, that you're not aware of these incidents.

Mr. Tom Lepine: Sorry. When you say, "Are you aware of them?" I didn't read the reports on all of them. I knew there were a number of incidents that were attributed to it, but not the individual ones.

Mr. Frank Klees: Mr. Lepine, surely there aren't that many cases where a patient dies that you would gloss over them or that you would not be made aware of a major incident like this.

Mr. Tom Lepine: I was made aware by Steve that there were incidences, absolutely. But in response to your earlier question, people do die in our ambulances, and it's terrible for their families. But back to my opening statement: In many cases, the transport of the patient is the last heroic measure for the patient. So not every death in one of our aircraft is an unexpected event. That doesn't make it—

Mr. Frank Klees: Well, surely these would be unexpected.

Mr. Tom Lepine: Yes, I would say that those are.

Mr. Frank Klees: But after a while, when you know that you can't perform CPR, and you've already had a number of deaths as a result of that, I suppose even those deaths are expected.

My question to you is very simply this: If you became aware in December 2010 that you have not a minor prob-

lem with the medical interiors but a major problem—people are dying as a result of that—why has it taken until now—and I understand there's still not a resolution to this. Why would you not have taken immediate action to ensure that that matter is addressed?

Mr. Tom Lepine: So, back to what I said earlier, we did approach—we had Bruce say, "Can they perform CPR? Is this adequate? Are patients at risk? Do you have procedures in place that you can manage patients with respiratory distress?" We were assured by the chief of staff that they could.

We did not sit back doing nothing. We were working with the manufacturer. They did do the pull testing. It takes a year due to regulatory requirements, as was also mentioned by previous witnesses. The fixes that they're working on now they don't expect to have in place until 2014. That's how long it takes with the various regulating bodies, the pull testing, the engineered drawings and everything else. We were not sitting back and taking this lightly. It was a priority for us. It was an absolute priority, and at no point—at no point—did anybody just simply ignore—and it is a major design flaw.

Mr. Frank Klees: If that's your definition of "priority," then I think patients in this province are in serious trouble, if it continues to be the definition of priority for Ornge.

I can tell you, I can't imagine under any other circumstances, if your core business is to transport patients and those patients may well need CPR and your interior can't accommodate CPR and it puts patients at risk, surely, surely there's a backup plan that you would have to deal with critical care or trauma calls. If nothing else, call in Canada helicopters, who have the ability to do it.

Mr. Tom Lepine: Canadian Helicopters?

Mr. Frank Klees: Did the Sikorsky have a problem with this?

Mr. Tom Lepine: Actually they—that's a very good question and one that hasn't come up yet. So, for the record, the only time we couldn't do effective CPR in the helicopters was during taxi, takeoff and landing, in the new design.

Mr. Frank Klees: Well, it killed how many people?

Mr. Tom Lepine: No—well, Mr. Klees, to say that it killed them, for traumatic patients, patients that are vital-signs-absent when you load them into your ambulance from trauma, the survivability is almost zero. The trauma literature is very clear on that.

1330

But I do have to address your point where you asked, did Canadian Helicopters, the old interior, have this issue? The answer is yes. So during taxi, takeoff and landing, in order to be able to do CPR in the old interior—well, at any point—you had to be standing beside the stretcher. You couldn't be strapped in your seat and reach the stretcher, because it was sitting right beside you, right here, so directly parallel—and I know you can't write this in the Hansard. But during taxi, takeoff and landing, by law, you have to be firmly affixed in your seat. When the pilot calls, "All secure," you have to

be strapped in your seat. During that time, for taxi, take-off and landing, in the old model you could not do effective CPR during that time.

Mr. Frank Klees: The problem is, in the new model, you can't do it at any point during flight.

Mr. Tom Lepine: That's incorrect, Mr. Klees. That's absolutely incorrect.

Mr. Frank Klees: Okay. Let's move on to another point.

Mr. Tom Lepine: Well, I think that requires clarification, because you can do it except for taxi, takeoff and landing—always could—in the new interior. That's not to say it was an acceptable design; it wasn't. We started working on a fix immediately, but from the beginning, CPR could be performed in the transverse position, by lowering the stretcher.

Mr. Frank Klees: Mr. Potter, I was advised by a number of paramedics—

Mr. Tom Lepine: Mr. Lepine.

Mr. Frank Klees: Sorry, Mr. Lepine—advised by a number of paramedics that they tried to raise this issue with you personally and you refused to listen to them.

Mr. Tom Lepine: That's absolutely incorrect. I've been on record at base meetings where I would go around and I said that our number one priority was the helicopter interior. I went down to the Toronto base to have a look at it. I made a trip to London and rode out with the crews there. I rode out with the crews in Ottawa to have a look. I came back and said to Chris, "There are more issues than just the CPR. The loading mechanism is not effective; there's work we have to do on that, and we may have to do wholesale changes to the interior."

Mr. Frank Klees: Okay, thank you.

How much time do we have?

The Chair (Mr. Norm Miller): You have six minutes.

Mr. Frank Klees: I'd like to just go back to the beginning, if we could, to what started all this, and that's the original performance agreement. I understand that you were one of the key members of the Ornge team that negotiated the original performance agreement.

Mr. Tom Lepine: That's correct.

Mr. Frank Klees: Is that correct?

Who else was on that negotiating team for Ornge?

Mr. Tom Lepine: For Ornge? Jacob Blum was the lead, Cynthia Heinz was on there as legal counsel, and Lynne Golding was the senior counsel.

Mr. Frank Klees: When Mr. Blum testified here on May 16, he discussed a number of sections of that performance agreement that you negotiated that in his opinion gave the Ministry of Health extensive oversight controls, as he put it, of Ornge, should it have wanted to exercise them. Do you agree with the fact that, according to Mr. Blum, there certainly were extensive oversight controls in that performance agreement, the original one?

Mr. Tom Lepine: Absolutely.

Mr. Frank Klees: You do. Can you offer the committee any insight into why, when things started to go wrong at Ornge, the government, and specifically the

emergency health services branch, didn't exercise any of those oversight authorities?

Mr. Tom Lepine: You're asking me to answer something that I can't answer on behalf of the ministry, so I think you would have to ask the EHS branch, but certainly they had the mechanisms. It was clear in the performance agreement: They could come into our premises twice per year to do audits or to look at anything else, and at any other time to look at any part of the operation with reasonable notice—which around the table we discussed as, well, you don't phone up at 3 o'clock and say "We're going to be there at 3:30," and expect everybody to stop the operation, basically.

Mr. Frank Klees: Sure. Mr. Blum testified that around December 2007—that was during the time that the Ministry of Finance was looking to consolidate Ornge's assets—a number of conference calls and meetings were held that involved yourself, Alfred Apps, Don Guy, PricewaterhouseCoopers. Do you recall those meetings or—

Mr. Tom Lepine: I wasn't at any of those meetings. So I wasn't involved in any of the meetings regarding the structuring, with Don Guy, with Alfred Apps, none of those.

Mr. Frank Klees: You were not privy to any telephone calls?

Mr. Tom Lepine: No.

Mr. Frank Klees: No discussions at all?

Mr. Tom Lepine: In terms of what? Just clarify for me, Mr. Klees, because obviously I have spoken to Alfred Apps on a number of occasions; Don Guy, I met once with Catherine Rosebrugh over lunch. But I think your question was in regard to the structuring, was it not?

Mr. Frank Klees: No, the consolidation; this was the financial consolidation.

Mr. Tom Lepine: Oh, I'm sorry. No, the financial consolidation, I wasn't part of those discussions. The only discussions I had with Mr. Guy, with Catherine Rosebrugh, was in terms of plans for the future in terms of generating revenue outside of Ontario. That was it.

Mr. Frank Klees: Okay, back to that original performance agreement. When Mr. Bates was here, we discussed what his recollection was and how he viewed the whole focus of that performance agreement. He confirmed for us in his testimony on April 18 that that performance agreement never contemplated Ornge getting into the aircraft-owning and -operating business, that what was meant by consolidation originally under that concept was a coordination, bringing together the health side of the issue, that it was never contemplated to own aircraft and to bring the aircraft operations in-house, that it was contemplated that they would continue with the third party outsourcing.

Is that your recollection as well?

Mr. Tom Lepine: Certainly there were no discussions regarding insourcing aviation.

Mr. Frank Klees: The original mandate of Ornge, then, based on the policy approval that was made, never

contemplated going out and floating \$275 million of debt?

Mr. Tom Lepine: No, sir.

Mr. Frank Klees: There was an RFI that was issued to your third party contractors, suppliers, and during his testimony, Mr. Bob Mackie, president of Thunder Airlines, told us about that RFI. According to Mr. Mackie, the RFI requested detailed proprietary and confidential information, but no contracts were to be awarded under the terms of that RFI. It was strictly for the purpose of getting that information from the owners of those aircraft.

Do you recall that RFI?

Mr. Tom Lepine: I wasn't part of that, but I do recall that—I do believe that Rick was involved in that, and Maria. I'm not sure who was involved. I wasn't, but I know that they did send out an RFI.

The Chair (Mr. Norm Miller): And you have 30 seconds.

Mr. Tom Lepine: Can I clarify one thing for the record? Mr. Klees, you said that Jacob Blum said I was involved in those. I've read Jacob Blum's testimony and I don't see my name in there—

Mr. Frank Klees: Actually, I didn't say that.

Mr. Tom Lepine: No, earlier—I'm sorry. I'm referring to the discussions regarding consolidation.

Mr. Frank Klees: No, he didn't say that.

Mr. Tom Lepine: Oh, okay. I'm sorry then; I apologize.

Mr. Frank Klees: Yes.

May I have the same consideration as my colleagues?

The Chair (Mr. Norm Miller): Go ahead.

Mr. Frank Klees: Thank you. We were told that, when asked—because obviously if you're the owner of a business and you get a notice from your major employer, if you will, told to provide proprietary and confidential information about their business, it would take people aback somewhat. So the questions were asked of Ornge, "What happens if I don't comply with this?" We were told that "since the carrier was not working in a collaborative manner with Ornge, they should not expect Ornge to work in a collaborative manner with the carrier." Would it surprise you to know that the carriers felt somewhat threatened with that response?

Mr. Tom Lepine: Well, I wasn't aware of that response, so—

Mr. Frank Klees: Do you recall what the purpose of the RFI was?

Mr. Tom Lepine: Yes, I do. From my recollection, anyways, although I wasn't involved with it, we were having a great deal of difficulty trying to find out where the expenses were coming from. So, in other words, when we took over from the ministry, we extended the contract for the SA carriers for the first year, and the next year that they came in with bids, some of them came in as high as—I believe there was one that came in close to 80% over the previous year. Many others were coming anywhere—they were all double-digit increases.

We actually called the ministry, Dennis Brown, and said, "Did you guys ever experience increases like this

year over year?" and he said, "Absolutely not." So we were trying to figure out where the costs were coming from, what was driving these massive increases. Now, we were able to negotiate them down, and I believe—for the record, I don't know for a fact because I don't have any statements in front of me. I have no access to any records, obviously, any more, but I believe we got it down to somewhere around 14% on average. But that was the initial reason, from my understanding, of that initial RFI, was to try to understand what the cost drivers were.

Mr. Frank Klees: Okay.

Mr. Tom Lepine: For example, an advanced care paramedic aircraft—the addition of one paramedic in an aircraft increases the costs even today by \$1,000 per hour.

Mr. Frank Klees: So apparently the RFI closed on June 29, and not long after that, on September 17, Ornge Global Air was incorporated. What would Ornge Global Air end up doing?

Mr. Tom Lepine: Eventually?

Mr. Frank Klees: Yes.

Mr. Tom Lepine: Ornge Global Air is operating—is operating fixed-wing aircraft and now rotor-wing aircraft. 1340

Mr. Frank Klees: Interesting. Would you blame the carriers or anyone else looking at this scenario for taking the position that Ornge actually blackmailed them into disclosing proprietary and confidential information about their business and then using that business to take them out of business? Would you blame anyone for drawing that conclusion?

Mr. Tom Lepine: First of all, I, again, wasn't party to that, so I can't validate that what you're reading back to me is actually true or not; I don't know, I'm going to take your word for it.

Secondarily, they haven't lost their business. From what I've been told, from aviation, is that the actual number of calls that the SA carriers are doing is the same. So the number of hours they're flying has remained fairly unchanged. The slice that they're getting from each one of them has changed dramatically because one of the carriers increased their fleet quite substantively, had much lower rates than everybody else, and that carrier ended up taking the major slice of the pie; so for the other carriers, they absolutely lost business.

Mr. Frank Klees: Well, that's not—

Mr. Tom Lepine: Some of the carriers that were in areas that were not close to calls or had a higher tariff rate were not being used.

Mr. Frank Klees: Mr. Lepine, that is not the reality of what has taken place in the market, and it's certainly not the story of the people who were doing business—

Mr. Tom Lepine: Well, I would strongly urge you to, then, go to Ornge and get the actual number of hours that are being flown. I'm only recounting to you what I was told, that the number of hours has remained relatively unchanged. So I would urge this committee, then, to go and get the information from Ornge to actually see what

the number of hours is that the SA carriers are getting. The advanced care hours definitely dropped.

Mr. Frank Klees: In a memo from Alfred Apps to Dr. Mazza, he says this—it's dated July 3, and everyone has this on file because it was actually provided by Dr. Mazza—he states: "Given political sensitivities in northern ridings, especially they, i.e. Guna"—and that would be Guna Deivendran, who was the senior policy adviser to George Smitherman—"wants to know that: (1) none of this will be in the public domain before the election;"—this was July 3, 2007—" (2) you will continue to find a way to work with the vendors; (3) the minister's office will be kept informed as proposals develop; (4) all is directed toward safety, efficiencies and cost savings. Have a great lunch and as you say, keep the business to a minimum."

Now, clearly, this was Alfred Apps writing to Dr. Mazza, giving him political advice about not disclosing the fact that they were getting into the aircraft business, because most of the people they were competing with were stationed in northern Ontario. So this was a political issue for them; they knew full well that they were going to be putting people out of business.

I guess my question to you is, did it ever cross your mind that you were on a road to actually put Ontario air carriers out of business by your venture into the business? Did that ever come up in discussions?

Mr. Tom Lepine: No. We realized that some of the smaller carriers, as Rick Potter pointed out in his testimony, would be unable to fly; but surely—and if I'm reading you correctly, are you suggesting that it was Ornge's responsibility to pay more for services or pay carriers that were charging more for their services than other carriers so that they would stay in business?

Mr. Frank Klees: No, Mr. Lepine.

Mr. Tom Lepine: And that that's a wise use of taxpayers' dollars, for us to—

Mr. Frank Klees: No, I'll answer that question; here's my answer to that question. It was none of Ornge's business to blackmail private businesses into disclosing their proprietary and business information so that Ornge could compete with them and take them out of business. If Ornge wanted to get into that business, at the very least they should have dealt honourably with the other businesses with whom they were doing business. That's my point of the question.

Now, you say you had nothing to do with this.

Mr. Tom Lepine: In terms of that RFI?

Mr. Frank Klees: This RFI issue that we've been discussing.

Mr. Tom Lepine: Correct.

Mr. Frank Klees: I was told, by now three different sources, that you in fact were part of this; that you in fact attended a meeting at the airport in response, where all of these carriers who were requested to submit these RFIs came together to have a discussion about this.

Mr. Tom Lepine: Oh, I was at that—if that's the meeting you're talking about, I was absolutely at that meeting. I do not recall that we were asking them for per-

sonal information. What we did there was to go and say, "What can we do for you?" and this was—no, please, Mr. Klees. Please give me the courtesy—

Mr. Frank Klees: No, go ahead. I'm sure. We know what you were doing to—

Mr. Tom Lepine: Do you want to hear my answer or do you not want to hear my answer?

Mr. Frank Klees: Go ahead.

Mr. Tom Lepine: We attended that meeting. The carriers were complaining to us that they were unable to upgrade their aircraft, that they had no certainty under the previous contracts they had had with the Ministry of Health in terms of being able to go to their financial institutions and say, "We would like to upgrade our aircraft." They were annual contracts with no guarantee of hours. We said to them, "What can we do to make these contracts more palatable for you?" That's the meeting I attended. The results of that meeting were that they wanted some guarantee of hours. The next RFP that went out had blocks of hours that they could bid at, guaranteed hours, so a direct result of what they asked for. They asked for three-year contracts. We gave them three-year contracts; again, exactly what they asked for.

I don't recall there being any exchange of, you know, personal information that was then used for—but in terms of attending that meeting, absolutely. I mean, as far as I was concerned, that was an extremely collaborative meeting of us saying, "How can we make your lives easier so that you can upgrade your equipment? Because you're flying antiquated, in many cases, single-piston aircraft, non-pressurized cabins, no navigation in terms of GPS. How can we help you to upgrade?" That was the purpose of that meeting from my understanding and certainly my role in it. I'm not an aviator, but I was certainly there in terms of trying to collaborate with the SA carriers and giving them what they had asked for in terms of blocked hours.

Mr. Frank Klees: Thank you.

The Chair (Mr. Norm Miller): You might want to think about wrapping up, if you want to have some time left.

Mr. Frank Klees: How much time do I have left?

The Chair (Mr. Norm Miller): Well, you're about—almost 10 minutes over of the 20 minutes.

Mr. Frank Klees: So I'll have 10 minutes left.

The Chair (Mr. Norm Miller): It will all balance out in the end.

Mr. Frank Klees: Mr. Lepine, we'll wrap this up here for now. All I can say is that I can't tell you how frustrating it is sitting at this table, and we continue to hear the words "I can't recall," "Not to my recollection," "My best recollection is," and "That's not the meeting that I remember." It's very frustrating. All I can tell you is that there is a difference of opinion on the part of some people who were at that meeting that you were at in terms of what was being discussed there. But we'll leave that for now.

Mr. Tom Lepine: Certainly. In terms of remembering, Mr. Klees, I didn't expect to be sitting here today. I

have no access to any of my records, so I am going from memory, and, as you state, that was quite some time ago. It would be interesting to look—for yourself again, I urge you, then, to go back and look at the records after that meeting to see whether in fact we gave them block hours and we gave them three-year contracts with the intent that they could go to their banks and be able to say, “We’re secure for the next three years.”

Mr. Frank Klees: We know one thing that you gave them: You gave them a new company that floated \$275 million of debt, backed by the Ontario taxpayers, with which Ornge bought fixed-wing aircraft and helicopters and basically put a lot of them out of business. That, in the end, is what you gave them. But again, it’s all a matter of perspective. Thank you.

The Chair (Mr. Norm Miller): Okay. We shall move on to the NDP now. Mr. Singh.

M^{me} France Gélinas: Before we start, can you give us an update as to time and how much each of us has left?

The Chair (Mr. Norm Miller): You’ll have 20 minutes in this round, and then there will be more time after that as well. So 20 minutes for now.

M^{me} France Gélinas: Okay.

Mr. Jagmeet Singh: Good afternoon, sir. I asked you some questions previously, and you’d made some comments about regular meetings and briefings with the Ministry of Health, and you listed some of the people you met with. What I want to know is this: The Ministry of Health and the minister have conveyed this notion that they were kept in the dark. Based on your testimony and other testimony from other individuals, it seems like there were regular meetings held. How do you respond to allegations that the Ministry of Health was kept in the dark with respect to what was going on at Ornge and didn’t know what was actually going on? How would you respond to that?

Mr. Tom Lepine: Again, I would ask them. Nobody in operations has ever denied any access to anybody who has asked for it from the government, ever. If any request came to me, the only thing that I’m aware of—and I’ll go back to this—that was withheld from the government is the salaries.

1350

Mr. Jagmeet Singh: Okay, and that was going to be my next area of questioning. So I’ll put a proposition to you, and you can agree with it or disagree with it. Based on your testimony, just based on your testimony and the fact that you were aware of meetings that you were present in, as well as regular meetings that you were aware that some of your colleagues, including for example Mr. Blum, had attended and the fact that there was an agenda and there were minutes kept of those meetings, throughout your tenure at Ornge, the Ministry of Health was apprised of what was going on at Ornge on a regular basis.

Mr. Tom Lepine: Yes.

Mr. Jagmeet Singh: You agree with that?

Mr. Tom Lepine: I do agree. I should clarify that those quarterly meetings that were minuted, they didn’t

start until after the MNP audit and the recommendation that they be more formal meetings. So prior to that, they were meetings where, again as Jacob and I have both said, we’d drive over to the ministry and meet with Dennis. But there weren’t minutes taken; I mean, we would take our own notes and action items, that type of thing, but there weren’t minutes.

Mr. Jagmeet Singh: Okay, if you could just clarify that. From when to when were they the informal type of driving over to the ministry and speaking with them?

Mr. Tom Lepine: I would say the MNP audit occurred in 2008; I think it wasn’t released until 2010. At that point is when the more formalized meetings took place, with circulated agendas and minutes.

Mr. Jagmeet Singh: So from 2010 onward there were more formal meetings?

Mr. Tom Lepine: Yes, correct.

Mr. Jagmeet Singh: When were the earliest meetings that you were part of, or you were aware of, with the ministry that were the not-as-formal, not-minuted meetings?

Mr. Tom Lepine: Oh, jeez, we had meetings with the ministry prior to Ornge being assigned the responsibility for the delivery of care; we had frequent meetings with them then.

Mr. Jagmeet Singh: That’s pre-2003?

Mr. Tom Lepine: No—yes, it would be around 2003 or 2004. Then certainly once we were assigned the accountability for it, Jacob started his meetings almost immediately with Dennis. I probably would have started attending within a year of that.

Mr. Jagmeet Singh: Okay, so by 2005 or 2006.

Mr. Tom Lepine: Correct.

Mr. Jagmeet Singh: Now, just with regard to the one issue that came up, and there was a bit of an obstacle with the salary disclosure, can you recall how many times that issue came up? How often, how many times, and when did it begin?

Mr. Tom Lepine: I don’t know that there were any formal requests for it.

Mr. Jagmeet Singh: Okay.

Mr. Tom Lepine: But certainly, as I’ve discussed before, more so in the last two years, I would say, or maybe even less—back to my conversations I would have with Malcolm where he was very frustrated and saying, “Tom, it would just be so much easier.” I know that he had—well, I shouldn’t say I know—I was told that he had had meetings with Chris where he had talked about it before. Prior to me dealing at the level of Malcolm, Chris would often go over and meet with Malcolm or meet with Dennis. In fact, Dennis had commented to me at one point, “Chris will come over and tell us that you’re doing something, and then we’ll say, ‘Does Tom know yet?’ And he’ll go, ‘Well, I’m going to go back and tell him that this is what he’s going to be doing now.’”

Mr. Jagmeet Singh: Okay. So at least two years ago. Could it have been earlier than two years ago, or was it certainly two years ago that Malcolm Bates first flagged

this issue that it would be a lot easier? Again, this was informal and wasn't written, but your conversations where it came up, like, "Listen, Tom, this would be a lot easier if Chris would just disclose his salary."

Mr. Tom Lepine: I would say for at least two years.

Mr. Jagmeet Singh: At least two years; okay. And with what type of regularity would that come up? A couple of times over the year?

Mr. Tom Lepine: Yes, I would say a couple of times a year.

Mr. Jagmeet Singh: A couple of times a year.

Mr. Tom Lepine: Yes.

Mr. Jagmeet Singh: Okay. In terms of the response to that, what was the response? I mean, on your end, you didn't have control over it, but what would you say then?

Mr. Tom Lepine: Oh, I'd say to Malcolm, "Malcolm, you know that nobody else here has an issue with disclosing salaries, and you know Chris. He's not going to give it to you. He's got a legal opinion. He's not going to give it to you."

Mr. Jagmeet Singh: Okay. At that point, in your discussions, did Malcolm say, "Well, listen, he'll have to give it to us if we put pressure on him because we're the ones who are footing the bill."

Mr. Tom Lepine: No.

Mr. Jagmeet Singh: He didn't say that? Did you suggest that to him at any point and say, "Listen. I mean, you're footing the bill here. The ministry is paying the fees. You can take whatever steps you need to get that. It's your right."?

Mr. Tom Lepine: I did mention—so, when it became closer to when Minister Matthews was asking us for the information and getting more force with it and Patricia Li had called me to say, "Tom, the minister really wants this information," I said, "I know, Patricia; we're working on it as much as we can. The board is involved. We're trying to get it to you."

That's when we were advised that, should we disclose it without his permission, we could each be held liable, personally and our families. So the board wasn't ready to take that risk and neither were we as individuals, even though we had no problem disclosing ours.

I made the comment to both Patricia and Malcolm: "Why don't you exercise your right under the performance agreement? You just have to give us reasonable notice; you haven't done an audit at all this year, or for many years. Why don't you exercise your right? Tell us you're coming in tomorrow, and Maria can have all the information ready and you can follow the money." Patricia's response was, "We're not going to do that. The minister wants the information and she wants it from you and you'll comply."

Mr. Jagmeet Singh: That's very interesting. When you made that suggestion that—let's clarify some of those points. One is that there hadn't been an audit conducted by the ministry in a couple of years.

Mr. Tom Lepine: The only audit that was conducted by the ministry was in 2008; they had Meyers Norris Penny come in and do an audit.

Mr. Jagmeet Singh: Under the performance agreement, they had the ability to do one at least twice a year?

Mr. Tom Lepine: That's correct. Any other time, if they had any concerns with the operation or anything else, they had the right to come into Ornge, with reasonable notice.

Mr. Jagmeet Singh: You indicated that you had given that suggestion to Patricia Li, that, "Listen: You can come in, with reasonable notice, and audit any time you like."

Mr. Tom Lepine: Yes. This ended up being about two days before we actually got the information to go down and present to Patricia, so I sent it to Patricia; but that was about two days earlier, because they were getting frustrated. We were trying to pull the information together; we were going around in the circle of whether we can disclose it or not and not be sued. Yes, I said on the telephone to Patricia: "Just exercise your right under the performance agreement; come in and look at it."

Mr. Jagmeet Singh: Just a question on this mandate issue of what Ornge was initially intended or what its purpose was. Would you agree with me that the initial mandate of Ornge was medically driven and that the services provided were of a medical nature, and then there was a shift where there became a joint mandate of being both medically driven and also aviation-driven?

Mr. Tom Lepine: Absolutely.

Mr. Jagmeet Singh: When that mandate shift occurred, was the ministry apprised of what was going on in terms of this mandate shift: that initially, Ornge was exclusively medically driven, with outsourcing with regard to aviation; and then the aviation component was now being internalized?

Mr. Tom Lepine: I believe they were notified; I'm not sure who notified them, but I know that they were aware that we were purchasing aircraft. I recall having conversations with Dennis over the types of aircraft—the Pilatus and the Agusta—and them saying, "They're both great aircraft," and that type of thing. In terms of the operating of it, I would say that they were notified, but I can't say who it was.

Mr. Jagmeet Singh: Did they have to approve that mandate shift? Did the government give you approval that, "Okay, that's your new expanded mandate, that you want to now get into the aviation component and internalize that as well as the medical component that has to be there as well"? Did you get approval from the government, or did you have to even apply for approval?

Mr. Tom Lepine: I don't think we had to get approval. They certainly didn't give approval. They didn't say, "You have to have our approval," or anything in that regard. But they were aware of what we were doing, that we were in-sourcing aviation, for sure.

Mr. Jagmeet Singh: And they're aware to the extent that you recall specifically even discussing types of aircraft with Dennis Brown.

Mr. Tom Lepine: Definitely. Because we had discussions about single-engine aircraft; we had discussions about the AW139, to the extent that Dennis said to me at

one meeting, “Oh, Tom, I saw one of your helicopters. I thought you weren’t getting delivery of them until such-and-such a date.” I said, “It’s not ours; we don’t have them yet.” He goes, “Well, I saw a 139 flying over Barrie.” So yes, he was very aware of the type of aircraft that we were buying.

Mr. Jagmeet Singh: Did the ministry ever, then, when they were aware of this shift, ask any questions in terms of, “Is this the right decision for Ornge to be making? Should Ornge be doing this?” Were any of those questions asked by the ministry?

Mr. Tom Lepine: Not to me.

Mr. Jagmeet Singh: To your knowledge, would you have been the logical person to ask these questions?

Mr. Tom Lepine: No. That would have been something that would’ve probably gone directly to Chris or to Rick Potter on the aviation side, although Rick didn’t usually speak to the ministry per se. At that time, I believe Catherine Rosebrugh was still with us, so that probably, with her being our chairperson, probably would have come through her, or directly to Chris.

Mr. Jagmeet Singh: But you can certainly state that they were aware of this decision to get into aviation and that no concerns were raised with you?

Mr. Tom Lepine: Not with me. Absolutely not.

Mr. Jagmeet Singh: With respect to the performance agreement, were there any other mechanisms that you’re aware of that the ministry had access to, beyond the two audits a year and then the anytime audit with reasonable notice?

1400

Mr. Tom Lepine: Yes. I don’t recall which schedule it is. I believe it’s schedule—it has been a long time since I read it—J, I believe it is, which gives certain things that we have to abide by: key performance indicators. There are three different sets, all with different lengths of cure periods attached to them. In other words, if you’re in violation of them, you’ve got a certain amount of time to satisfy the ministry that you’ve corrected those, and then if you didn’t correct them, then there were steps that they could take.

If they felt there was a risk to patient safety, they could do that at any time, come in and—that was more related, I believe, to the communications centre. They had the right to come in and actually take over the communications centre if they felt that it wasn’t functioning properly or there was any risk to patients or patient safety. So yes, there were multiple mechanisms within that.

Mr. Jagmeet Singh: To your recollection, was there any point in time when the ministry exercised any of these other powers that they were given or provided under the performance agreement?

Mr. Tom Lepine: No.

M^{me} France Gélinas: You said that you’ve had one meeting with Mr. Don Guy. You were accompanied by Catherine, I think you said?

Mr. Tom Lepine: Catherine Rosebrugh, yes.

M^{me} France Gélinas: Can you tell me when and where this meeting took place?

Mr. Tom Lepine: That would have been before, I believe, we started up the for-profit entities. Catherine was going to meet with him for lunch, and said he was an old friend and just said, “Tom, why don’t you tag along? You need to learn more about the political side, so why don’t you just tag along?”

M^{me} France Gélinas: Was Mr. Guy working for Ornge at the time?

Mr. Tom Lepine: No, I don’t believe he was.

M^{me} France Gélinas: Were you aware that he worked for Ornge?

Mr. Tom Lepine: I found that out later, yes, I did.

M^{me} France Gélinas: Through your work or through the media?

Mr. Tom Lepine: Through the media. Actually, I would say, no; that was probably in the week before we went and presented the salaries to the minister.

M^{me} France Gélinas: That you found that out. Before this, when you were introduced to him, what was discussed at that meeting?

Mr. Tom Lepine: A lot of small talk, for the most part, and then Catherine mentioned that we were looking to generate revenue outside of Ontario and to bring back into Ontario, and is that something that Don felt would be in keeping with the direction of the government or would there be any opposition to that?

M^{me} France Gélinas: And what was the answer?

Mr. Tom Lepine: I believe he just said, “I don’t think so. It sounds pretty much in touch with the”—I believe they were working on their—

Interjection.

Mr. Tom Lepine: Yes. I don’t know exactly what it was at the time because I wasn’t really keeping that in touch with it; I wasn’t really connected on the political side at all. But he seemed to think that that was in keeping with the direction of the government.

M^{me} France Gélinas: Of the government at the time.

I’m going back to the meetings you’ve had with the chair of the board, Mr. Apps and yourself presenting the corporate structure. When Mr. Apps was here, he described himself as really the architect of the corporate structure. He was not always kind to us and said we were not sophisticated enough to understand the structure, but other people better than us would be. Were you one of those people who could understand the structure?

Mr. Tom Lepine: At one point, I did. As it became more convoluted, no, I did not.

M^{me} France Gélinas: Take me back to the point in your organizations where we go from having this not-for-profit Ornge, then Ornge Peel starts and then the transfer to Ornge Global. What was the thinking behind it and how did that flow?

Mr. Tom Lepine: From my understanding, the creation of Ornge Peel was designed so that we could generate exactly that: generate revenue outside of Ontario to bring back in. My understanding was that, as a not-for-profit, we weren’t able to do that.

At the time, we'd had a couple of requests to do some consulting in terms of—there was one for Saskatchewan, I believe, and one for Nunavut. There was also one down, I believe, that they did in the Caribbean, and then we were asked to participate in putting proposals together for the UAE and for Saudi. So there had to be a mechanism to be able to generate that revenue, to bring it back in.

That was my understanding of setting up Ornge Peel. The other for-profit entities followed from that in order to be able to go out and sell like services that we had in Ontario; so in other words, to set up a service wherever, if they wanted it.

M^{me} France Gélinas: Okay. So that was to be for-profit, and the profits were to come back to Ornge?

Mr. Tom Lepine: Correct.

M^{me} France Gélinas: Okay. Why was there this other trust, this other company that was to be owners of the aircraft? Why not Ornge?

Mr. Tom Lepine: Again, I wasn't part of any of those restructuring or structuring discussions, but from my understanding of that, it's common practice to hold assets in a trust, and that's, again from my understanding, to protect the organization. If there's, you know, a lawsuit for whatever, people can't come after your assets and then you're unable to provide service. So it was really for the protection of Ornge and the government; that was my understanding of that.

M^{me} France Gélinas: This issue of protection and this issue of being able to generate profit, was this ever communicated to the government through your talks with Mr. Bates or anybody else?

Mr. Tom Lepine: Oh, absolutely.

M^{me} France Gélinas: They knew all about it?

Mr. Tom Lepine: Yes. That was laid out in—again, Maria drew the chart on the board for Patricia Li and explained how it was going to work, where the assets were held and where they would flow if the performance agreement was wrapped up or any of those types of things, absolutely.

The Chair (Mr. Norm Miller): You have two minutes.

Mr. Jagmeet Singh: Mr. Lepine, we learned this week that the legal services branch on this exact issue expressed some concerns with the private-public scheme. Did any of the government officials express that concern to you? The legal services branch indicated that there were some concerns expressed in a letter, but were those concerns ever expressed to you about the need for this public-private scheme or the way it was structured? Were any of those concerns ever raised?

Mr. Tom Lepine: Not from the extent of what the result was going to be. Again, in some of my conversations with Malcolm it was just, "Why is it so complicated? Why is this structure so complicated?"

Mr. Jagmeet Singh: Malcolm flagged that, that it was complicated?

Mr. Tom Lepine: Yes.

Mr. Jagmeet Singh: When would that have been?

Mr. Tom Lepine: I would say that was probably after about the third quarterly meeting, so probably some time in—

Mr. Jagmeet Singh: In 2010?

Mr. Tom Lepine: In 2010 or early 2011.

Mr. Jagmeet Singh: Early 2011?

Mr. Tom Lepine: I would say probably closer to late 2010.

Mr. Jagmeet Singh: Late 2010. Okay. Was there any follow-up with that? When he said, "Why is it so complicated?" you said—

Mr. Tom Lepine: So my response to Malcolm would be, "I don't necessarily understand the structure either," but I'm told that it has to be set up this way for the benefit of tax advantages, to protect the assets. There are certain laws regarding charitable organizations and everything else, and this was supposed to be set up so that nobody could come after the assets of Ornge or the operation in Ornge Ontario. Should something happen outside of Ontario, it was supposed to be in order to create a wall so that nothing could come in and affect the service delivery in Ontario.

Mr. Jagmeet Singh: Did Malcolm have any follow-up then, after you explained somewhat, as far as you knew, but you indicated that you didn't really understand fully either the complexity of it? Did Malcolm then say, "Okay, I'm going to follow up on this," or did he do any other follow-up?

Mr. Tom Lepine: No, and I think that was a discussion that took place after the quarterly meetings, like just, you know, "Why is everything so complicated?"

Mr. Jagmeet Singh: Okay.

The Chair (Mr. Norm Miller): Very well. We've used up that block, so we'll move to the government. Mr. Zimmer.

Mr. David Zimmer: Thank you, Chair. I've got some questions about Mr. Blum. Did you know Mr. Blum before he joined Ornge?

Mr. Tom Lepine: No, I did not.

Mr. David Zimmer: When did he join Ornge?

Mr. Tom Lepine: I would think somewhere around 2002—no, I think 2003 probably.

Mr. David Zimmer: And when did you join Ornge?

Mr. Tom Lepine: In 2001.

Mr. David Zimmer: And his position when he joined Ornge?

Mr. Tom Lepine: I think he was VP of corporate.

Mr. David Zimmer: What was your reporting or professional relationship with Blum?

Mr. Tom Lepine: I didn't report through him at all. So, at that point, I reported through—when he first started or anywhere throughout the—

Mr. David Zimmer: When he first started and then up until the point he left, what was your business relationship or reporting relationship with Blum?

1410

Mr. Tom Lepine: I never reported to him, so I had no reporting relationship with him. When he started, I was in

education at the time. I reported through the director of education—

Mr. David Zimmer: Were you both considered to be on the executive team?

Mr. Tom Lepine: No, not at that time. But later on, we were.

Mr. David Zimmer: All right. Let's go to "later on." Were you both considered to be on the executive team later on?

Mr. Tom Lepine: Yes.

Mr. David Zimmer: What period was "later on"?

Mr. Tom Lepine: I moved up into—

Mr. David Zimmer: Roughly.

Mr. Tom Lepine: Yes. I would say, from 2006 on.

Mr. David Zimmer: So from 2006 until Blum's—

Mr. Tom Lepine: Until he departed.

Mr. David Zimmer: —departure in?

Mr. Tom Lepine: I don't have the date that he departed.

Mr. David Zimmer: All right. But during that period you were on the executive team together?

Mr. Tom Lepine: Yes.

Mr. David Zimmer: So you had an opportunity to work on various issues together?

Mr. Tom Lepine: Oh, absolutely. Yes. Jacob and I often worked together. He would often come to me to ask operational questions.

Mr. David Zimmer: What is your assessment of Mr. Blum's performance as an employer, as a member of the executive team? Would you hire him in another capacity?

Mr. Tom Lepine: No.

Mr. David Zimmer: Why?

Mr. Tom Lepine: Because, in my experience with him, he never delivered on much of anything. He would frequently call me and say, "Can you cover this meeting for me? I'm tied up in traffic," or whatever, or, "I'm going to be late." I would ask who it was with. I wouldn't even know who he was meeting with, and I'd go into a meeting with no information and have executives from another organization sitting across from me saying—after you do your introductions, "So what did you want to speak to us for?", and my response would be, "I thought you had called the meeting."

Mr. David Zimmer: Without leading you too much, would it be your position that he did not fulfill his duties as he was expected to?

Mr. Tom Lepine: He didn't report to me, but back to your earlier question, I would not hire Jacob in any capacity, based on what I saw in terms of deliverables.

Mr. David Zimmer: Mr. Blum testified here on May 16. During his testimony, he said that he was one of the principal architects, if not the principal architect, of the original performance agreement. Specifically he said, and it's in Hansard, "I was the lead negotiator for the performance agreement. I negotiated it." Would you agree with that statement?

Mr. Tom Lepine: He was the lead negotiator, absolutely, but everybody there—Lynne Golding played an integral part. Cindy Heinz played an integral part, as did

I. He had no operational experience. Anything related to anything operational, it was my input on that. So I would not say that he did it on his own, but he was the lead of the team.

Mr. David Zimmer: Was he the lead negotiator in the nominal sense of the word, or, as you say, there were other people who did parts, technical and other business parts of it?

Mr. Tom Lepine: Correct.

Mr. David Zimmer: So he was the nominal lead?

Mr. Tom Lepine: Correct.

Mr. David Zimmer: But not, in effect, the substantive lead in the sense that he knew all the technical stuff?

Mr. Tom Lepine: Absolutely.

Mr. David Zimmer: Mr. Blum also said on several occasions that he left the organization in 2007 because he was unhappy with the direction of the organization. Here's one example of an exchange when he was here. A question from me: "When you left Ornge, were you fired or did you resign?" Mr. Blum: "It was, to be quite candid with you, fuzzy. I resigned, but Ornge did not want me to resign. I believe, and I am only surmising, they were concerned about the optics of me leaving, with respect to the government, and so what we agreed upon was that I was going to take a sabbatical. It was a one-year sabbatical, at which time—" Then I stepped in. Mr. Zimmer: "So let me cut to the quick here. Were you fired?" Mr. Blum: "No."

My clear recollection of that exchange is that, along with that answer "No," there was a body language from him indicating that there was more to the answer than that.

Next question—so following up on that body language that was sending different signals on whether he was fired or resigned. Follow-up question, Mr. Zimmer: "Would you say you were fired or you resigned?" Body language again, uncertain. Finally, Mr. Blum: "I resigned." He also indicated that he resigned with a pay package.

So what's your recollection of the circumstances of Mr. Blum leaving Ornge? Was he fired? Did he resign? Did he get a package? Did he initiate it? Did Ornge initiate it? Was he unhappy? Was Ornge unhappy? What happened?

Mr. Tom Lepine: My understanding is that the board recommended that he be terminated.

Mr. David Zimmer: On what information do you rely for that understanding?

Mr. Tom Lepine: It was discussed at a committee meeting that I attended.

Mr. David Zimmer: Who was at the committee meeting?

Mr. Tom Lepine: It was the operations committee. There were several committees of the board. I was on the operations committee. Actually, back in that time, they may have not even been committees then; it might have been the actual board. So Rainer Beltzner was the one who mentioned it to Chris: "Have you taken care of

Jacob yet? Is he gone?" Chris said, "No," and Rainer said, "I want you to take care of that."

Mr. David Zimmer: What did you understand that to mean, "I want you to take care of that"?

Mr. Tom Lepine: That he'd be terminated.

Mr. David Zimmer: Were there any minutes kept of that meeting or other meetings on the discussions of Mr. Blum's termination?

Mr. Tom Lepine: Certainly there were minutes taken of the board meeting. That may have occurred after the board meeting was actually over, but while we were still in the room. So I don't know. There was still part of—I think the meeting had probably adjourned at that point and it was just a discussion with people still in the room, but I was there to hear the board chair say—

Mr. David Zimmer: But you're clear that the board, responsible persons in authority, took the decision to fire Mr. Blum?

Mr. Tom Lepine: Yes.

Mr. David Zimmer: And you would not characterize that as a resignation?

Mr. Tom Lepine: Unless they had a discussion and Chris got him to resign; Chris would have been the one who dealt with it. I wasn't there for the actual delivery of the message, but it was the expectation of the board that Jacob was to no longer be at Ornge. So I don't know what they had discussed, whether Rainer had discussed terms with Chris prior to—how they were going to do that, but it was certainly that they wanted Jacob gone.

Mr. David Zimmer: Was it a competence issue; that is, Mr. Blum's lack of competence, in the eyes of the board anyway or in the eyes of Ornge, that led to his being terminated?

Mr. Tom Lepine: I wasn't part of the discussions to say why they wanted him gone. I can't comment further, just because I wasn't there.

Mr. David Zimmer: Were you asked at any time for your opinion of Mr. Blum's competence—

Mr. Tom Lepine: No.

Mr. David Zimmer: —or whether he should be retained or—

Mr. Tom Lepine: No.

Mr. David Zimmer: Can you characterize for me or describe, give me some insight into Mr. Blum's relationship with Mazza—more of his personal-cum-business relationship.

Mr. Tom Lepine: Jacob was, for all intents and purposes, Chris's right-hand person, or so it seemed from the very beginning when Jacob started. He would call Jacob—Jacob would often say to me, "He's calling me at all times of day and night." I know that they were in touch frequently, so it was a very close business relationship, and then more so on a personal level I know Jacob was instrumental in helping Dr. Mazza through the death of his son as well.

Mr. David Zimmer: Obviously their relationship fell apart at some point.

Mr. Tom Lepine: I can't say that. I don't know whether the relationship fell apart or what the rationale

was for him leaving the organization, whether that be through—

Mr. David Zimmer: But anyway, Dr. Mazza did not come to his rescue, and Dr. Mazza wanted him out of there?

Mr. Tom Lepine: I don't know whether Dr. Mazza wanted him out or not or whether Dr. Mazza got him out because he was told to get him out.

Mr. David Zimmer: Who would have told Dr. Mazza to get him out?

Mr. Tom Lepine: The board.

Mr. David Zimmer: Oh, the board. All right. Thank you.

From what you know of the relationship, was Mr. Blum's influence on Mazza's leadership a positive one or not a positive one?

1420

Mr. Tom Lepine: Jacob was a good strategist, knew government. Chris didn't know how to manoeuvre through government at that point. So I think he used Jacob a lot for that. In terms of being—boy, whether it was a positive relationship for either one of them, I'm not sure.

Mr. David Zimmer: Mr. Blum was also asked a number of questions about Kelly Mitchell, how Kelly Mitchell ended up as a government relations consultant at Ornge. Mr. Blum was specifically asked whether he felt that Kelly Mitchell's Conservative political background had anything to do with his getting hired, and Mr. Blum's answer was, "It's only nepotism if they're incompetent." You've described Mr. Blum as being incompetent. So do you have—

Mr. Tom Lepine: I didn't say he was incompetent. I said I wouldn't hire him. I don't believe I actually said he was incompetent. I said he didn't deliver on a lot of things, but for other things that Chris had him doing, I don't know what his competency was at that. So I don't believe that I actually said he was incompetent, but I do stand by that I would never hire him.

Mr. David Zimmer: All right. Do you know why Kelly Mitchell was hired?

Mr. Tom Lepine: I'm trying to remember when Kelly came in. Yes, I believe Kelly was hired to help us work with the Conservatives—with the Conservative Party. He worked with me on a contract to develop an aboriginal strategy to work with First Nations communities, to get more involved with them, find out how we could improve service to their communities and that type of thing. So I worked with him on that.

He did come in and attend our senior management meetings for a time, to learn more about Ornge. In order for him to be able to assist us, Chris had him actually come in every—I forget which day of the week it was that we had our senior management—

Mr. David Zimmer: Who was part of the executive team that discussed and took the decision to hire Kelly Mitchell?

Mr. Tom Lepine: Those types of decisions weren't made at the senior management team meetings. They would have been a Chris decision.

Mr. David Zimmer: Sorry?

Mr. Tom Lepine: They would have been just a Chris decision. They wouldn't have been discussed that, "Should we hire somebody?" or anything like that. Those discussions didn't take place at any SMT meetings. It would be that Chris would hire somebody.

Mr. David Zimmer: All right. Do you have any idea or did you get any information as to why it was felt that it was necessary to have an experienced Conservative lobbyist taken on to, as you say, "work with the Conservatives" on this?

Mr. Tom Lepine: I don't know that he was hired on as a lobbyist, and I think that the rules had certainly changed over time—

Mr. David Zimmer: You said he was hired to work—

Mr. Tom Lepine: I think he was hired to work because he was a Conservative and would be able to understand the Conservative Party and work with them. We wanted to work with all parties in government.

Mr. David Zimmer: I've got one last sort of a personal question here, really. I've been sitting here for many, many days now. More often than not, I hear from witnesses that they had to attend meetings, and so they went to Switzerland; they went to Italy; they went to Florida; they went here—everybody took a plane and went to the meeting. Was it the practice of Ornge to do any telephone conferencing as a way to hold down costs, or was everybody flying to the meetings in these exotic locales?

Mr. Tom Lepine: No. People did go to various countries, but no, most work was done on the telephone.

Mr. David Zimmer: Thank you.

The Chair (Mr. Norm Miller): Ms. Sandals.

Mrs. Liz Sandals: Yes. I'd like to think about the infamous letter of January 19, 2011. Could you give Mr. Lepine a copy? That might make life easier. Everybody else, I think, has one, but if anybody doesn't, I have many.

You have mentioned already that you were at the briefing where this letter was presented, along with Mr. Beltzner and Mr. Apps.

Mr. Tom Lepine: Correct.

Mrs. Liz Sandals: Were you involved at all in producing the letter?

Mr. Tom Lepine: No.

Mrs. Liz Sandals: Okay. Thank you. But you're obviously familiar with it because you were there to present—

Mr. Tom Lepine: Yes. I read it prior to going. Again, I was always taken to the meeting in case there were questions about what we do in Ontario.

Mrs. Liz Sandals: It's one of the odder letters I've ever read, because it flips between being written by a comms/marketing person and then a nuts-and-bolts person and a written-by-a-lawyer letter. So I'd like to have a look at some of the written-by-a-lawyer parts, but before you went into the briefing, were you given any insight as to what Mr. Beltzner, the chair of the board, thought the outcome of this meeting was supposed to be?

Mr. Tom Lepine: Yes. The outcome was to brief the government and ensure that they were informed and hopefully get their support.

Mrs. Liz Sandals: And that would seem to be consistent, if you look at page 3, the very bottom, it says, "Ornge is seeking nothing from the government except to make it aware of what it has done and is intending to do." So that would be your understanding? That's consistent with what you were told?

Mr. Tom Lepine: That's correct.

Mrs. Liz Sandals: Before you went into the meeting, then, what was the status of this new corporate structure? The decision-making had already been done?

Mr. Tom Lepine: I believe it had, yes. I think the structure probably changed after that some more still.

Mrs. Liz Sandals: Oh, okay. I wasn't actually aware that it kept evolving, but right at the very bottom of page 3 there's reference to a motion that the board had adopted in November 2010, which said, "The corporation and its subsidiaries are hereby authorized to enter into the final documents..." and then subject to the chair of the board briefing the government?

Mr. Tom Lepine: Correct.

Mrs. Liz Sandals: So this was just the formal briefing, but the board had, two months prior, already approved everything; is that correct?

Mr. Tom Lepine: I don't know, because that was the Ornge Global board. So whether they had already approved it or not, I don't know, but this was to brief them. I think it was subject to this briefing with—

Mrs. Liz Sandals: So the board motion that's referenced here is actually a motion of the Ornge Global board—

Mr. Tom Lepine: Correct.

Mrs. Liz Sandals: —as opposed to Ornge the non-profit?

Mr. Tom Lepine: I believe so.

Mrs. Liz Sandals: Thank you. Because you can't tell in the letter—

Mr. Tom Lepine: Yes.

Mrs. Liz Sandals: Reading the letter, I always thought that was the Ornge not-for-profit board.

Mr. Tom Lepine: I believe it was the Ornge Global board. I can't say with certainty because I didn't attend either board meetings. I would attend operations committee meetings—

Mrs. Liz Sandals: But that helps in the understanding here of what's going on.

The Chair (Mr. Norm Miller): You have about a minute and a half.

Mrs. Liz Sandals: About a minute and a half. I want to look at page 13. There are a number of statements in the paragraph that's in the top half of the page, so I will speed-read.

"While the performance agreement clearly sets general standards for the operation of the Ontario system, it neither specifies how the standards are to be met nor prescribes the means by which the mandated services are to be delivered. Ornge is generally free of restrictions in

structuring its approach to the delivery of the services and is able to pursue whatever business model the board deems appropriate.”

Then it goes on to say, “...under the performance agreement, Ornge is neither prevented from entering into partnerships, joint ventures of other business arrangements, nor restricted in whether it uses owned, leased or third party assets. Ornge is entirely at liberty to outsource any or all of its management or operational functions, whether to arm’s-length parties, affiliated parties or otherwise, as the board sees fit...”

Clearly, this is a section written by the lawyer. So, given that we know that in fact a whole lot of the day-to-day functions of Ornge moved to for-profit entities, do you still stand by your statement that the performance agreement gave the government the ability to see everything that was going on—appropriate accountability, what you’ve called “floating accountability”?

Mr. Tom Lepine: Certainly on the Ornge side, Ornge Ontario, as of—it was in Maria’s testimony. They changed the structure, so I think at that point it was more difficult. Prior to that—

Mrs. Liz Sandals: So once we get over to this new structure, the accountability actually floated to the new structure in the sense that that’s where a lot of the business was taking place?

Mr. Tom Lepine: The accountability for delivery in Ontario?

Mrs. Liz Sandals: Well, the accountability for what were the salaries, what was the management team doing, who was buying airplanes, who was hiring pilots, who was maintaining airplanes. Where was that accountability, given that, according to the lawyers, the performance agreement says that you can farm all this stuff out?

1430

Mr. Tom Lepine: I think that’s a question that Maria would have to ask, based on the way the structure was set up and Alfred worked to set it up. In terms of accountability for Ontario, that would rest with Chris and me.

Mrs. Liz Sandals: So if you wanted to get at—

The Chair (Mr. Norm Miller): We are out of time, unless you want to use up a little more—

Mrs. Liz Sandals: Just let me finish this. If, for example, you had the accountability, and the accountability is supposed to be with you as chief operator for management services, why didn’t you know the salary? Why didn’t you know what was going on with the management contract?

Mr. Tom Lepine: Because they were all done on the for-profit side. My only role—

Mrs. Liz Sandals: So how would we get at accountability for management salaries? That’s just one example.

Mr. Tom Lepine: I, quite frankly, don’t know.

Mrs. Liz Sandals: And, I think, there lies the problem: The accountability floated away.

Mr. Tom Lepine: Absolutely.

Mrs. Liz Sandals: Thank you.

The Chair (Mr. Norm Miller): We move to the opposition. You have nine minutes for this round.

Mr. David Zimmer: How much time, Chair?

The Chair (Mr. Norm Miller): He has nine minutes. *Interjection.*

The Chair (Mr. Norm Miller): Probably about nine minutes for the next round.

Mr. Frank Klees: I’d like to pick up on Mrs. Sandals’s floating theme, if I could.

Mrs. Liz Sandals: He said it first.

Mr. Tom Lepine: Did I say “floating”?

Mr. Frank Klees: When was the first time that you became aware of the famous boat?

Mr. Tom Lepine: When I got back to work from a weekend, and Chris had purchased a boat over the weekend.

Mr. Frank Klees: Tell me the circumstances.

Mr. Tom Lepine: We were starting to set up J-Smarts under Chris’s direction, a not-for-profit charity to try to prevent injuries in youth. At that time, I think the target range was 13 to 15, youth within that age bracket. There were lots of different ideas floating around. He wanted to do it through high-risk sport. He wanted to take the approach that the traditional ways of teaching—just telling your kids, “Don’t do something”—they’re going to do it anyway, so let’s teach them how to do it safely and still participate in those types of sports.

Mr. Frank Klees: I want to focus on the boat purchase.

Mr. Tom Lepine: Yes. One of the sports that he was looking at was wakeboarding and waterskiing, amongst other things, such as skateboarding and those types of things. I don’t know whether at the time he had started to work on an arrangement with Muskoka Woods or not, or whether that came later. But certainly, those were the sports he was interested in. As I say, I came back to work and we had a boat.

Mr. Frank Klees: You had a boat. Did you have anything to do with signing off on the purchase?

Mr. Tom Lepine: No.

Mr. Frank Klees: Who would have signed off on the purchase of that boat?

Mr. Tom Lepine: I believe Chris made the purchase in terms of negotiating it and making the deal. I would think that Maria would have had to sign off on that as well.

Mr. Frank Klees: And the purchase price for that?

Mr. Tom Lepine: I don’t know exactly. I think it was in the 40s. I’m not sure.

Mr. Frank Klees: Was that waterski boat purchased before or after he met Ms. Long?

Mr. Tom Lepine: She was working for us at the time, so—

Mr. Frank Klees: I noticed earlier, when you were asked about whether Ms. Long working at Ornge created some difficulties, that you probably wanted to expand on that. In what way did that cause some difficulties in the office?

Mr. Tom Lepine: I think Kelly had more of a direct route into his office than any of the other executives. In other words, if anybody said something contrary to what

Kelly believed, chances are, you wouldn't be with Ornge for very long.

Mr. Frank Klees: And that obviously created some tension.

Mr. Tom Lepine: Absolutely. Other people within the organization felt that they were eligible for promotion prior to her, so it created a great deal of tension and angst within the organization.

Mr. Frank Klees: She had a meteoric rise in her career, compliments of Ornge. Mind you, many others did as well. But she ultimately was given the lead on the marketing agreement which was to deliver millions of dollars of expertise to AgustaWestland. When you became aware of that, what was your thought?

Mr. Tom Lepine: I didn't know what the deliverables were or anything in the sales and marketing agreement. Again, I just wasn't privy to that, so I didn't really know what she was—I knew she was working on an agreement with Agusta but I really didn't know any of the details of it, so I really didn't pay much attention to it.

Mr. Frank Klees: Okay. Can I ask—I'd like to talk about quality assurance. One of the concerns that were raised by the Auditor General in his report was the whole issue of reporting of critical information from Ornge to the ministry; the lack of information translating, obviously, ultimately into some difficulties at Ornge. Who was responsible at Ornge for quality assurance?

Mr. Tom Lepine: It was fragmented.

Mr. Frank Klees: It was fragmented?

Mr. Tom Lepine: Yes, sir.

Mr. Frank Klees: Was that fragmentation under your direction? Ultimately, you were the COO, right? This would fall under your responsibilities as well, or were there separate—

Mr. Tom Lepine: On the medical side, we had it, I believe, fairly well under wraps. The VP of medical affairs, Jo-Anne Oake-Vecchiato, was experienced in quality management at hospitals and was well versed in quality management procedures. The medical advisory committee had plenty of quality metrics in measuring the performance of paramedics, in that they would evaluate cases every month. Each of the medical directors had a certain amount they had to do. We had a quality manager in the OCC, and Steve, as was discussed prior, basically looked after it in operations.

When I say it was fragmented—we used to have a quality management department, which oversaw everything. It didn't matter whether it was medical operations; it didn't matter what part of the organization. They reported directly to the CEO, and I think that's the way it should be. There should be an overarching quality management program, or quality management department, that looks after that.

Mr. Frank Klees: Who was responsible for changing that structure?

Mr. Tom Lepine: Dr. Mazza.

Mr. Frank Klees: Okay. When you say it became fragmented, who were the key people responsible within that fragmented structure for quality management?

Mr. Tom Lepine: Again, Jo-Anne Oake-Vecchiato, in terms of medical affairs; Steve more so in the operations; Sandra Wilkie, down in the OCC. In aviation, Rick Potter had—I'm sorry, I forget the gentleman's name. It just slipped—I can picture his face. There is somebody in aviation who was strictly assigned to do it in aviation.

Then, aviation and medical affairs: Jo-Anne started putting together common data sets and putting together a plan where medicine could learn a lot from aviation in terms of how they handle their quality management and the types of methodologies they use and everything else. She was working very closely with aviation to start to develop some of those things into medicine and learning best practices from aviation. I believe aviation is far more advanced than medicine in certain aspects of quality management.

Mr. Frank Klees: Did your wife work in that department?

Mr. Tom Lepine: Yes, she did.

Mr. Frank Klees: What's her name?

Mr. Tom Lepine: Meredith Morrison.

Mr. Frank Klees: Did you hire her into that position?

Mr. Tom Lepine: No, I did not. Chris Mazza hired her initially, on contract, to look after a different program. Then she was put into that role.

Mr. Frank Klees: You never considered that a conflict? You were able to keep—

Mr. Tom Lepine: The minute Chris hired her as a contract, I declared a conflict immediately with Chris and the chairman of the board. They said, "The conflict has been declared. She'll never be reporting to you," and so on. We declared that conflict immediately.

Mr. Frank Klees: Just a final clarification: When you left, what was your total compensation at Ornge, including benefits?

Mr. Tom Lepine: Yes, absolutely. Salary from Ornge, \$306,000; salary from Ornge Global, \$57,000; total, \$363,000; taxable benefits, a total of \$30,000.

Mr. Frank Klees: It was reported that you were also getting paid a consulting fee by Dr. Mazza. Is that included—

Mr. Tom Lepine: No, that's the Ornge Global. It wasn't a consulting fee from Dr. Mazza. The Star got that incorrect.

Mr. Frank Klees: Just a question: Where did the funds come from? Obviously, we know where the funds came from in Ornge. There was some claim along the way that these for-profit entities somehow were generating their own revenue or were seeded from somewhere. To your knowledge, where did the money come from that gave companies like Ornge Global and these other for-profit companies the ability to pay out salaries?

1440

Mr. Tom Lepine: From the initial donation by Agusta—it's part of that marketing services agreement, I believe—and from the credit lease transaction.

The Chair (Mr. Norm Miller): You are out of time, Mr. Klees.

We'll move to the NDP. You have six minutes each for this round.

M^{me} France G  linas: I didn't hear you. You said from the donation from Agusta and from the—

Mr. Tom Lepine: Sorry; the credit lease transaction on the building.

M^{me} France G  linas: The credit lease transaction. So there was no other means of generating profit except for those two that you were aware of?

Mr. Tom Lepine: Right. The plan was to get equity investors. Several were lined up. Obviously, once things started coming out in the newspaper, they were no longer lined up, it's fair to say. But they had not generated any revenue at that point.

M^{me} France G  linas: Did you want to go first?

Mr. Jagmeet Singh: Sure. In general, none of the for-profit side was able to generate any revenue, as far as you're aware of. Is that correct?

Mr. Tom Lepine: That's correct.

Mr. Jagmeet Singh: What was your opinion on that in terms of the viability or the need to have a for-profit side if it's not generating any revenue?

Mr. Tom Lepine: Yes. I think I mentioned it earlier in my testimony. I think the plan itself—to generate revenue outside of Ontario to bring back into Ontario, to the benefit of the operation in Ontario—is a good one. I believe it's a good vision. I think it was done in a much more complicated manner than which it needed to be done. I believe that the actual path that they were going by to get money coming in in large amounts through international repatriation was probably too far down the line; it was done too early. If it was me setting it up, I would have left it with Ornge Peel being a for-profit, get your name established doing some consulting services where there's no expenditure of money. If you're asked to go over and do an evaluation or make comments or respond to an RFP, then you have certain stages where you get money and it flows directly back into Ontario—done.

Mr. Jagmeet Singh: With respect to the expansion of Ornge in general, would you agree with me that, in a short span of time, Ornge expanded quite rapidly? The number of employees increased, the payroll increased, the fact that there were aircraft that were purchased: That was a huge increase and expansion. Would you agree with that characterization?

Mr. Tom Lepine: Absolutely.

Mr. Jagmeet Singh: Would you agree with me that the rate of expansion was greater than Ornge could handle, that it expanded much more quickly than Ornge could actually handle?

Mr. Tom Lepine: I would say that everybody was certainly stretched to the limit and there was absolutely no margin for error.

M^{me} France G  linas: You mentioned in your opening comments that when you found out about the over \$1-million-a-year salary to Dr. Mazza, you took offence to this, because you had been asked to look at the closing of some bases and tough decisions to try—I'm guessing—to

manage to stay within budget, and then you find that out. How tight was the budget?

Mr. Tom Lepine: The last year I was there, the fiscal year 2011-12: By the end of the first quarter, the projections were that we were going to be looking at an \$8-million deficit.

M^{me} France G  linas: Had you been in deficits before?

Mr. Tom Lepine: No.

M^{me} France G  linas: No? That would have been the first year that you would have been in deficit. So you had an \$8-million challenge in front of you. By the second quarter, how did things look?

Mr. Tom Lepine: They hadn't improved a great deal. By the third quarter we were back on target—back on projections. We managed to come in—well, I can't say whether we came in on budget or not because I was already gone.

M^{me} France G  linas: But it looked like you were going to.

Mr. Tom Lepine: We were certainly back on our projections, yes.

M^{me} France G  linas: So you knew that that budget was tight. What were some of the changes that were implemented to go from an \$8-million projected deficit to back on track?

Mr. Tom Lepine: There were a number of things that we were looking at. I was being pressured by finance to actually close bases and to discontinue night shifts at certain bases. I was very adamant that anything that affected the front line had to be an absolute last resort. Maria and I talked. I know you spoke to Steve about not filling overtime. That was one of the steps that we took.

The first thing we did is, the major lever that really drove costs was the flight hours. Whether that be in fixed-wing or rotor-wing, it didn't really matter; they were the costs that really put you over. So we looked at how we could manage the non-urgent transfers, first of all, so that there would be the least amount of impact on patients. We looked at instituting slots, we called them. In other words, if you needed to save a million dollars, here's what it translated into: how many flights you could do per day or per month, or whatever. Then, based on the percentage of calls that were done in each area of the province—we didn't want to say, "Okay, you've only got so many slots in the northwest," which is the busiest quadrant in the province, and they get wiped out, so we really tried to spread it out. Just by changing one to two patients a day, you had tremendous savings over the year, because the costs of aviation are so great.

We tried to shift transports by rotor-wing to fixed-wing for anything that was airport to airport, because there's no advantage to using a helicopter if you have to have a land ambulance pick you up at both sides.

We tried to work with the Thunder Bay hospital and Thunder Bay EMS to look at moving non-urgent patients more quickly from Thunder Bay airport to the hospital. Thunder Bay was the busiest airport, with about 1,500 patients moving in and 1,500 out of that airport over the

course of the year. We had great difficulty getting transport to the hospital, so we worked with Thunder Bay EMS and Thunder Bay hospital to get in on their contract with a private transportation company.

M^{me} France Gélinas: Did you share—

The Chair (Mr. Norm Miller): You are out of time now.

M^{me} France Gélinas: Did you share those plans with the ministry? Did you keep them up to date?

Mr. Tom Lepine: Absolutely. At one of our quarterly meetings, I outlined it to Malcolm. Patricia was there, as well, on the phone; Tony Campeau, I believe, was there. I don't think Rob Nishman was there. Maria was there from our side; I believe Bruce Tavender, Scott Lovell. We mapped out that the plan to manage the overrun was to take the least invasive approach first and then, as a last resort, we would touch anything else. We talked about the slots. We talked about the fact that the next thing may have to be—that we wouldn't be filling overtime for short-notice book-off only, and that's only if people booked off at the last minute. The next step would be to have to decrease service at some bases at night. And then the last resort after that was to close a base and—

The Chair (Mr. Norm Miller): Thank you, and we'll move to the government. Mr. Zimmer.

Mr. David Zimmer: In an earlier round of questions, I asked you whether Mr. Blum was a positive influence on Dr. Mazza, and you said, "They weren't a positive influence on each other."

Mr. Tom Lepine: I believe I said I'm not sure they were.

Mr. David Zimmer: All right: "I'm not sure they were a positive influence on each other." But it seemed to me by your body language—I mean, I just got the sense that there was a little more to the story than was reflected in your answer.

Two questions: Why weren't they a good influence on each other?

Mr. Tom Lepine: I think sometimes they both got each other spun up.

Mr. David Zimmer: Sorry?

Mr. Tom Lepine: I think they sometimes got each other spun up. In other words—

Mr. David Zimmer: Strung out?

Mr. Tom Lepine: Spun up.

Mr. David Zimmer: Spun up.

Mr. Tom Lepine: In other words, there wasn't really a calming influence.

Mr. David Zimmer: Okay. This is a very delicate question, and it may seem like an odd question, but I'm going to ask it: Were you aware or was there talk around Ornge, in executive circles or other circles, speculating on or thinking about whether Dr. Mazza and Mr. Blum were using illicit drugs?

Mr. Tom Lepine: I've never heard any rumours about Dr. Mazza using illicit drugs. Certainly there were rumours about Jacob.

Mr. David Zimmer: And what were the rumours?

Mr. Tom Lepine: That he was using illicit drugs.

Mr. David Zimmer: What kind of drugs?

Mr. Tom Lepine: The rumour was cocaine.

Mr. David Zimmer: Thank you. Mr. Leal will pick up the time.

The Chair (Mr. Norm Miller): Mr. Leal?

Mr. Jeff Leal: Thanks, Mr. Chair. Through you to Mr. Lepine, the context of my questions will be regarding the decision to go to Oshawa.

To set the context for you, the city of Peterborough, joint-shared by the government of Canada, the province of Ontario and the city of Peterborough, spent \$30 million to renew Peterborough regional airport to eventually accommodate aviation services of Ornge and the Ministry of Natural Resources, and, as you know, we already have a land base in Peterborough for Ornge. So I'll be pursuing questions with you about that.

1450

Mr. Tom Lepine: Okay.

Mr. Jeff Leal: We understand, based on the testimony by Mr. Potter and Ms. Renzella, that you were involved in the decision to locate an air base in Oshawa. Is that the case, sir?

Mr. Tom Lepine: I was directed to open a base in Oshawa.

Mr. Jeff Leal: You were directed. By whom?

Mr. Tom Lepine: By Dr. Mazza.

Mr. Jeff Leal: You were directed by Dr. Mazza to go to Oshawa?

Mr. Tom Lepine: He strolled into my office one day—I don't know who else was in my office—and said, "Lepine, you're opening a base in Oshawa. I can't take the risk of having union strife while I'm trying to woo investors, so you will be opening Oshawa." My response to that was, "Where are we getting the money from? We're still in the process of building Hamilton, and we need to look at both airports." We had looked at Lindsay, Peterborough, Oshawa, all those airports, when we were initially doing the scoping out for where our super base was going to be, which ended up being Hamilton. He said, "Fine. I don't care where it is, then—Peterborough or Oshawa. Do your evaluation." I said, "Nobody in operations can do that. Get aviation involved." We had somebody who reported to Rick do all the negotiation—well, they weren't actually negotiations. We basically asked for you guys to submit what the costs were going to be.

Mr. Jeff Leal: I want to be absolutely clear: You were directed by Dr. Mazza to go to Oshawa?

Mr. Tom Lepine: Absolutely.

Mr. Jeff Leal: Mr. Potter, a previous witness here, the former chief aviation officer for Ornge, testified he had genuine concerns about the location of a base at Oshawa airport and advised against it. Were you aware of his concerns?

Mr. Tom Lepine: From my understanding, reading through Rick's transcripts, I think he is referring to when we were initially looking at airports. When we were initially looking to move out of Toronto, we were evaluating all airports. Steve Farquhar and myself both

preferred to go to the east end because that's where the preponderance of our calls were. There were more calls coming from the east than there were from the north. It didn't matter to us—Peterborough or Oshawa. In fact, in terms of staffing, it made more sense in Peterborough, because—you're absolutely correct—we did have a land base there. From a strictly operational perspective: Peterborough.

Rick Potter did agree that Oshawa had noise problems, that it wasn't a good airport in terms of noise. Ultimately, Hamilton became a clear winner when you mixed the patient demographics, when you mixed all the aviation functions, when you mixed weather and the ability to launch—it should've increased our launch reliability. All of those factors: Hamilton was the clear winner.

When Chris ordered me to open Oshawa, and I said that we need to look at both airports, the question that wasn't asked of Rick Potter was, "If you had to choose between Peterborough and Oshawa, which would you choose?" I did ask Mr. Potter that; it was Oshawa. Between the two airports, it was Oshawa. He did not believe that we should have a base in the east end at all, because it was going to drive his aviation costs up significantly in terms of having additional aircraft maintenance engineers on staff to deal with any snags that occur out there, and tooling of equipment at another base. The whole purpose of the super base—one of the purposes—was to amalgamate maintenance. So for him, it was going to drive his aviation costs up, and he didn't believe that the city of Oshawa was going to be able to resolve the noise complaints, although they gave us assurances they were. But in terms of, "Rick, we've been ordered to open it. It's clear; the announcement has already been made that we're opening it; Oshawa or Peterborough?" We did all the analysis. There was a matrix done. Oshawa was the clear winner.

The Chair (Mr. Norm Miller): We are out of time, so I move to the opposition. Mr. Klees.

Mr. Frank Klees: Mr. Lepine, the Auditor General had raised some concerns about the validity or the accuracy of numbers that were submitted by Ornge to the ministry in terms of the number of transports and so on.

Before I get to this, I'd like to ask you, what was the cost to the Minister of Health of Ontario's air ambulance service before it was transferred to Ornge? Do you recall that?

Mr. Tom Lepine: I believe it was around \$90 million.

Mr. Frank Klees: About \$93 million, something in that range, right?

Mr. Tom Lepine: Somewhere in there, yes.

Mr. Frank Klees: What is it today?

Mr. Tom Lepine: Our budget last year was \$152 million, I believe it was.

Mr. Frank Klees: The number of transports that Ornge does has actually gone down between then and now. Is that not true?

Mr. Tom Lepine: The overall number of transports?

Mr. Frank Klees: Yes. Before you answer that, what the clerk has just given you is a document—it's actually

quite current: May 23, 2012. The cabinet members have this in their hands, and now we do. It's compliments of people who care about what's going on here. I'll read the first note. It states: "Please note that Ornge's chief operating officer indicated that a 'method of counting patients was mandated by the CEO with the intention of demonstrating an increase in activity associated with the transition of air ambulance from the Ministry of Health to Ornge.' The result is that Ornge has transported an annual average of 8.9% fewer patients since 2006-07 than it previously reported. This equates to more than 2,100 fewer patients transported in 2010-11."

There are two things that are disconcerting about this. One is that apparently there was a conscious decision made to actually inflate the numbers in the reporting, of which I'm assuming you're aware.

Mr. Tom Lepine: I became aware, again, when I was acting CEO. When Mr. McKerlie came in I was already investigating whether it took place or not, confirming it. When he came in, I said, "Here's another problem that we have," told him about it and said, "Do you want to call the AG's office or do you want me to call?" He said, "You call." So I reported it immediately upon finding out.

Mr. Frank Klees: Who was responsible for implementing the system that actually inflated the numbers?

Mr. Tom Lepine: I don't think it was a system that inflated the numbers, Mr. Klees. If I could take a moment to explain how it was done?

Mr. Frank Klees: You'd better do it quickly, because we've got a bell here, and I need to get the answer.

Mr. Tom Lepine: I thought I was hearing things. I apologize.

It was a method of counting patient legs as opposed to actual patients carried. Chris was using patient legs. I asked for a report, and the people from information management said, "Do you want it the old way we do it or do you want actual patients?" I said, "I want actual patients, and what are you talking about?"

Mr. Frank Klees: So once you brought your calculations into line with the way it used to be before Ornge, the numbers actually reduced by 8.9% fewer patients a year. Is that correct?

Mr. Tom Lepine: I have no idea. I was gone by then, by the time the calculations were done.

Mr. Frank Klees: According to the cabinet document, that's the point. Here's the real question: Given the fact that we're actually transporting fewer patients than we were before Ornge and the cost has increased to the taxpayer from \$93 million to \$150 million, how does one explain that, first of all, to the taxpayers, and how in the world could a board of directors justify overseeing an organization like that?

Mr. Tom Lepine: I would say that nobody was aware that those numbers were incorrect, so I don't think the board had any visibility into that. I didn't have visibility into that, so I'm quite sure that the board didn't.

In terms of fewer patients, I think the important thing is to find out why there are fewer patients. Is it because

hospitals are no longer calling Ornge? The other factor to keep in mind is that Ornge doesn't determine its calls. In other words, it's a sending facility that picks up the phone that calls us. The main driver of call volume for us, when you really boil it down to the end game, is the availability of receiving beds. If there are no receiving beds, nobody moves. Do you understand where I'm going with that?

Mr. Frank Klees: I understand. I think one of the reasons that hospitals stopped calling Ornge is because Ornge wasn't making it there on time and patients were dying en route. Maybe that's one of the reasons. The other reason, we're told—

The Chair (Mr. Norm Miller): You're on your last 30 seconds, Mr. Klees.

Mr. Frank Klees: —is that Ornge was understaffed so often that hospitals actually had to release their nurses

or their doctors to get on that helicopter with Ornge to ensure the patient was safe.

The reason we're frustrated here is because taxpayers are investing \$150 million-plus in our air ambulance service, it's unreliable, and, under the current structure, there seems to be nothing happening other than more Band-Aids by this Minister of Health. This committee has a responsibility to get to the bottom of it.

Thank you for your help today.

Mr. Tom Lepine: Thank you.

The Chair (Mr. Norm Miller): Thank you very much for coming before the committee. We appreciate the time you took.

This committee is adjourned.

The committee adjourned at 1500.

CONTENTS

Wednesday 30 May 2012

Special report, Auditor General: Ornge Air Ambulance and Related Services.....	P-281
Mr. Tom Rothfels.....	P-282
Mr. Tom Lepine	P-295

STANDING COMMITTEE ON PUBLIC ACCOUNTS

Chair / Président

Mr. Norm Miller (Parry Sound–Muskoka PC)

Vice-Chair / Vice-Président

Mr. Toby Barrett (Haldimand–Norfolk PC)

Mr. Toby Barrett (Haldimand–Norfolk PC)

M^{me} France Gélinas (Nickel Belt ND)

Mr. Phil McNeely (Ottawa–Orléans L)

Mr. Norm Miller (Parry Sound–Muskoka PC)

Mr. Reza Moridi (Richmond Hill L)

Mr. Jerry J. Ouellette (Oshawa PC)

Mrs. Liz Sandals (Guelph L)

Mr. Jagmeet Singh (Bramalea–Gore–Malton ND)

Mr. David Zimmer (Willowdale L)

Substitutions / Membres remplaçants

Mr. Frank Klees (Newmarket–Aurora PC)

Also taking part / Autres participants et participantes

Mrs. Christine Elliott (Whitby–Oshawa PC)

Mr. Jeff Leal (Peterborough L)

Mr. Jim McCarter, Auditor General

Clerk / Greffier

Mr. William Short

Staff / Personnel

Ms. Catherine Beagan Flood, legal counsel

Mr. Ray McLellan, research officer,

Legislative Research Service

P-12



P-12

ISSN 1180-4327

Legislative Assembly of Ontario

First Session, 40th Parliament

Assemblée législative de l'Ontario

Première session, 40^e législature

Official Report of Debates (Hansard)

Wednesday 6 June 2012

Journal des débats (Hansard)

Mercredi 6 juin 2012

Standing Committee on Public Accounts

Special report, Auditor General:
Ornge Air Ambulance and
Related Services

Comité permanent des comptes publics

Rapport spécial, vérificateur
général : Services d'ambulance
aérienne et services connexes
d'Ornge



Chair: Norm Miller
Clerk: William Short

Président : Norm Miller
Greffier : William Short

Hansard on the Internet

Hansard and other documents of the Legislative Assembly can be on your personal computer within hours after each sitting. The address is:

<http://www.ontla.on.ca/>

Index inquiries

Reference to a cumulative index of previous issues may be obtained by calling the Hansard Reporting Service indexing staff at 416-325-7410 or 325-3708.

Le Journal des débats sur Internet

L'adresse pour faire paraître sur votre ordinateur personnel le Journal et d'autres documents de l'Assemblée législative en quelques heures seulement après la séance est :

Renseignements sur l'index

Adressez vos questions portant sur des numéros précédents du Journal des débats au personnel de l'index, qui vous fourniront des références aux pages dans l'index cumulatif, en composant le 416-325-7410 ou le 325-3708.



LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
PUBLIC ACCOUNTSCOMITÉ PERMANENT DES
COMPTES PUBLICS

Wednesday 6 June 2012

Mercredi 6 juin 2012

The committee met at 0831 in room 151.

COMMITTEE BUSINESS

The Chair (Mr. Norm Miller): Okay, I'd like to call this meeting to order. The first order of business we have is that we've received permission from the House leaders to attend the annual conference of the Canadian Council of Public Accounts Committees in Iqaluit, Nunavut. The organization committee has set a cap of four members from each jurisdiction, including staff. I do have a letter to the Speaker with an approximate budget of \$19,000, and I seek approval from the committee. Any discussion? Yes.

M^{me} France Gélinas: I just want to make sure. With four members, we get one from each caucus plus you, Chair?

The Chair (Mr. Norm Miller): That's correct.

Interjection.

The Chair (Mr. Norm Miller): Oh, sorry. It's one from each caucus, including the Chair, plus the clerk.

M^{me} France Gélinas: Plus Will.

The Chair (Mr. Norm Miller): So just one from each caucus.

M^{me} France Gélinas: How about our auditor?

Mr. Jim McCarter: The auditor has the pleasure of going to Nunavut with—we fund that ourselves, out of our own.

M^{me} France Gélinas: You come out of your own budget.

Mr. Jim McCarter: Usually myself and the deputy auditor go to that. We fund that out of our budget.

M^{me} France Gélinas: Okay. So two, yourself plus somebody else from your office, will be coming?

Mr. Jim McCarter: Yes, the auditor and the deputy typically go from the different jurisdictions.

The Chair (Mr. Norm Miller): So our total delegation would be four, including Will. If any members wish to bring a spouse, they pay on their own for that.

Mrs. Liz Sandals: We should maybe just clarify that the way the conference works is that, at some points, it's split off to the legislative branch and the audit branch. That's why we're dealing with the legislative part, which is the clerk and the members, separately from the auditors. I'm sure the auditors—and we should also clarify that the limit of four delegates per province was set by the organizers of the conference. There's nothing we can do for the legislative part, but the auditors—

Mr. Jim McCarter: I should just mention too, to help you out in your planning, that typically, while the auditors work right till 5 o'clock on Tuesday, on the Tuesday, the members are usually done at noon, and there is I think a 1:30 flight out. I suspect that flight will be booked fairly quickly, so should you want to depart, you might want to book that flight fairly early.

Mrs. Liz Sandals: Delegate Will to be on it.

Mr. Jim McCarter: The auditors will not be on that plane, I should add.

The Chair (Mr. Norm Miller): Yes, and I think that Will has already looked into that.

Is it—

M^{me} France Gélinas: My next question is, do we make our own flight arrangements or will you, Will?

The Clerk of the Committee (Mr. William Short): I'll call your office.

M^{me} France Gélinas: Okay, because I need to go from Sudbury to—

The Clerk of the Committee (Mr. William Short): Yes.

Mr. David Zimmer: And the caucuses sort out who's going from their respective party?

The Chair (Mr. Norm Miller): Yes.

Okay, so all in favour of that? Carried.

SUBCOMMITTEE REPORT

The Chair (Mr. Norm Miller): Now we have a subcommittee report. Ms. Sandals.

Mrs. Liz Sandals: Yes, thank you. Your subcommittee met on Monday, June 4, 2012, to consider the method of proceeding on the 2012 special report of the Office of the Auditor General on Ornge Air Ambulance and Related Services, and recommends the following:

(1) That legal counsel attend future meetings as the committee may require.

The Chair (Mr. Norm Miller): Any comment or discussion? Yes, Mr. Zimmer.

Mr. David Zimmer: Yes. I think that's entirely appropriate, because—I know we're trying to keep an eye on costs, but I do have a question for the clerk, through you, Mr. Chair: What is the committee counsel's, Ms. Flood's, billing rate or billing arrangement? I assume it's a per-hour. How many hours has she billed to date?

The Clerk of the Committee (Mr. William Short): She brought her detailed billing to the subcommittee. I

don't actually have a copy of it in front of me, but there was a detailed billing that she laid out for the subcommittee members.

Interjection.

The Clerk of the Committee (Mr. William Short): Yes. Sorry, I didn't—

Mr. David Zimmer: So do you know what the hourly rate was?

The Clerk of the Committee (Mr. William Short): Off the top of my head, I do not, no. I can find out for you.

Mr. David Zimmer: Yes, the hourly rate or whatever the billing process was, and the bills to date.

The Clerk of the Committee (Mr. William Short): Yes, I'll get it for you by this afternoon.

Mr. David Zimmer: Thank you very much.

The Clerk of the Committee (Mr. William Short): You're welcome.

The Chair (Mr. Norm Miller): Okay. Any other further discussion? All in favour? Carried.

SPECIAL REPORT, AUDITOR GENERAL:

ORNGE AIR AMBULANCE

AND RELATED SERVICES

The Chair (Mr. Norm Miller): Here we have another motion. Who is moving this motion?

Mrs. Liz Sandals: I'll do that too.

The Chair (Mr. Norm Miller): Mrs. Sandals.

Mrs. Liz Sandals: Because this is essentially on behalf of the subcommittee as well:

"That the Standing Committee on Public Accounts report to the House requesting that the House authorize the Speaker to issue his warrant for the appearance of Dr. Chris Mazza, former president and CEO of Ornge, before the Standing Committee on Public Accounts, in Room Number 151, legislative building, Queen's Park, Toronto, at 9:00 a.m. on Wednesday, July 18, 2012.

"That Dr. Chris Mazza produce all documents relating to the 2012 Special Report of the Office of the Auditor General of Ontario on Ornge Air Ambulance and Related Services.

"That, if necessary the warrant can be delivered to Dr. Chris Mazza's attorney, Roger D. Yachetti, Q.C."

The Chair (Mr. Norm Miller): Discussion? All in favour? Carried.

Mr. Klees, you had a question?

Mr. Frank Klees: Yes. We had requested some information, specifically the financial statements from Ornge. That was a week ago now. We still don't have them.

The Clerk of the Committee (Mr. William Short): Actually, I'm not exactly sure what information it was that they filed with my office at the end of the day yesterday, but I did receive a binder from them, and my office is in the process of copying it right now. It was a substantial amount of paper, so we had been working on it late last night, and I know that my office is going to be working on it this morning as well. Hopefully, we'll be able to get it to you guys by lunch today.

Mr. Frank Klees: Okay, thank you.

The Chair (Mr. Norm Miller): Okay. Very well.

MR. TREVOR KIDD

The Chair (Mr. Norm Miller): Okay, our witness for this morning is Mr. Trevor Kidd. Please come forward. Welcome, Mr. Kidd.

Mr. Trevor Kidd: Thank you.

Mr. David Zimmer: Chair, can you turn the—(a) it's really cold, and (b) it makes a lot of noise. I'm just having trouble hearing, even from across the table.

The Chair (Mr. Norm Miller): Sure. If it gets too hot we'll maybe—

Mr. David Zimmer: We'll turn it back on.

Mrs. Liz Sandals: If it gets too hot, we'll complain.

The Chair (Mr. Norm Miller): But I agree, it's a little hard to hear.

Welcome, Mr. Kidd, and just to confirm, you have received a letter informing you about witnesses appearing before the committee?

Mr. Trevor Kidd: I have, thank you.

The Chair (Mr. Norm Miller): Very well. Our clerk will get you to swear an oath or do an affirmation.

The Clerk of the Committee (Mr. William Short): Mr. Kidd, do you solemnly affirm that the evidence you shall give to this committee touching the subject of the present inquiry shall be the truth, the whole truth and nothing but the truth?

Mr. Trevor Kidd: I swear.

The Clerk of the Committee (Mr. William Short): Thank you.

The Chair (Mr. Norm Miller): Very well. You have some time for an opening statement and then we'll have the three parties ask questions.

Mr. Trevor Kidd: Thank you. Thank you for having me. My name is Trevor Kidd. I have been a paramedic for 11 years. I would like to briefly outline just a few of the many concerns regarding unsafe, egregious and unprofessional practices I experienced under Ornge, which I left in disgust in the fall of 2009.

I initially joined the air ambulance in 2003. Ornge took over the Sioux Lookout base I was working at in 2006. Already having my advanced care, I started the critical care course, which traditionally took one year under the previous carriers and was a time frame that Ornge itself advertises. However, under Ornge, accountability for having properly trained crews was gone. The time frame for the six students in my class ranged from two years, eight months, to more than five years. I feel that the reluctance of Ornge to invest in their paramedics significantly compromised patient care in this province.

In 2008, I was moved to the new fixed-wing that Ornge was starting in Thunder Bay. That was the first time I have experienced the terror of working on an aircraft which, due to the interior set-up, had no business carrying sick patients. We felt we were putting patients and staff at risk.

When Ornge refused to address any of these issues after many months, I applied for and was approved for a transfer to the new critical care land transfer unit that was scheduled to open in Windsor on November 3, 2008. I was one of 11 staff looking forward to providing care in this city that had long been neglected.

0840

Now, of course, I know what you are saying: There is no base in Windsor. On that very day, November 3, we were told that Windsor was not opening, that Markham and Peterborough would be opened half-time. That stunt secured Ornge millions of unearned taxpayer dollars every year thereafter.

As background to the land program, Ornge received \$9.4 million in start-up funds for the 2006 fiscal year and \$13.2 million the following year, despite only opening a single base very late in the year. This was \$23 million for essentially doing nothing.

Unfortunately for Ornge, come 2008, there was finally pressure to deliver something for the money. Instead, they created a crisis. Ornge's documents to the Ministry of Finance claim that they spent \$22.3 million on the land program that year. More recently, the Auditor General found that Ornge only spent \$8.2 million. That \$14-million discrepancy has never been discussed, explained or accounted for, as far as I know.

The Auditor General also found that year that \$8 million Ornge received for the program was not spent on the land program and was not returned to the Ministry of Health. We also know that in June 2008, \$8.4 million was transferred out of Ornge into the Ornge Foundation charity. Three months later, Ornge created a crisis by not opening the bases they were supposed to. From that time on, Ornge received 70% of the originally proposed funds while delivering only 20% of the proposed crews, receiving millions of dollars every year. The executives took this windfall and ran with it. In the following months, Steve Farquhar and Tom Lepine received raises of \$96,000 and \$106,000, respectively. For the other execs, we know how well they, their families and friends made out.

For the paramedics involved, the story is different. Some were left commuting several hours to work, others living apart from their families, and others still with expenses which Ornge caused us to incur, which ranged up to \$50,000. Ornge not only did not assist us, but their continued lies prevented us from making informed decisions which would have minimized our losses. To this day, they refuse to take any responsibility for their actions in this fraud.

Since that time, Ornge has had staffing issues the likes of which had never been seen before. When I left a year later, Sioux Lookout was properly staffed 27% of the time; Thunder Bay's fixed-wing, 2%; and Moosonee, 0%. These problems have spread to Toronto and Sudbury, which for the first part of this year were properly staffed only 60% and 65% of the time, respectively. Pilots and engineers are also leaving in droves, with six each from Toronto Island alone so far this year.

Despite knowing that the control Ornge had over air ambulance left me with nowhere else to go, I left two and a half years ago with the goal of exposing the corruption that was already evident by that time. I kept in contact with many staff and compiled evidence of Ornge's mismanagement. Those I talk to do not feel that this nightmare is being seriously addressed to this day.

The air ambulance in this province used to be among the most respected in the world. It was so high that it took six years of concerted effort for the execs to drive it into the ground. It will take many years for the system to be restored, but whether that respect can ever be returned, I have serious doubts.

That ends my speech. However, if I may, I have asked many of those who have sent me information over the years if they would agree to allow their names to be submitted to the committee, in writing, under terms of extreme care for maintaining confidentiality. They unanimously said no. However, they have approved a short statement which I can read to the committee if they desire.

The Chair (Mr. Norm Miller): Go ahead.

Mr. David Zimmer: Well, just a second here. When someone comes before the committee and says, "I have a piece of evidence in the nature of a statement from person X. They don't want to be identified. They won't permit themselves to be identified, but they've given a statement and I am prepared to read in the statement on their behalf. But they don't want to be identified," if there's anything more outrageous than accepting that as a statement without giving—the members here have no chance to follow up on that, to ask questions about who the statement's coming from. That is just unfairness of the grossest sort. That's just scandalous. If the witness X wants to come and read the statement in or present the statement, that's fine. That's entirely appropriate. But you just can't do that, Chair.

The Chair (Mr. Norm Miller): Yes, Mr. Klees?

Mr. Frank Klees: I cannot believe what I'm hearing Mr. Zimmer say.

Mr. David Zimmer: You couldn't do that in a court.

Mr. Frank Klees: This is not a court.

Mr. David Zimmer: It's fundamental fairness.

Mr. Frank Klees: This is a public hearing on the Auditor General's report on the air ambulance. We have a witness here who tells us that he is willing to respect the confidentiality of his colleagues, who are afraid to come forward but they are willing to share their concerns. What are we afraid that we're going to hear?

Mr. David Zimmer: That's outrageous.

The Chair (Mr. Norm Miller): We'll just hear from France, please. France, go ahead.

M^{me} France Gélinas: I'm not a lawyer and this is not a court of law. We know with Ornge that a lot of people who have come to the reporter at the Toronto Star, to Frank, to myself and, I'm sure, to the Liberals have said that they are afraid for their jobs; they do not want to be identified. I will take the statement as one more of those witnesses who is afraid for their job and does not want to

be identified and treat it as such. I have no problem with it.

The Chair (Mr. Norm Miller): And he has qualified that statement. Go ahead.

Mr. Trevor Kidd: Thank you. This statement was approved by nine people who had sent me information on more than one occasion.

Mr. David Zimmer: Nine people? Chair, this is outrageous.

The Chair (Mr. Norm Miller): Go ahead.

Mr. Trevor Kidd: The frontline and office staff who have sent me information over the years almost unanimously remain in fear of speaking out publicly or having their names come to light. They hold this position because some of the management structure remains in place—a management structure that they largely do not trust or have confidence in; because strong whistleblower protection has not been put in place; because they feel that the only people who have faced the threat of legal action so far have not been those who have committed the egregious acts that have occurred at Ornge, but instead those who have tried to bring those acts to light; because people like Tom Lepine have left receiving praise and severance instead of going before the people of Ontario and asking for forgiveness while acknowledging that he does not deserve it; because staff and former staff who have been harmed by this company continue to lack redress against the company that used every dirty trick imaginable to screw them over; because they feel that the actions done so far have been to try to minimize political fallout and have little confidence that serious efforts are being made to improve patient care, safety, relations with allied health care providers or providing a work environment which is positive, honest and open.

The Chair (Mr. Norm Miller): Thank you for your opening statement. Now we'll move to the opposition. We'll do 20-minute rounds and see how much time is left after. Mr. Klees.

Mr. Frank Klees: Thank you, Chair. Mr. Kidd, thank you for being here this morning.

Mr. Trevor Kidd: You're welcome.

Mr. Frank Klees: We're looking forward to hearing from you. You obviously did not have a good experience with Ornge.

Mr. Trevor Kidd: No.

Mr. Frank Klees: And from what you're telling us, many of your colleagues had the same unfortunate experience.

Mr. Trevor Kidd: Yes.

Mr. Frank Klees: I'd like you, if you could take some time, to just give us some context for your background. You're a flight paramedic. Could you tell us where you got your training?

Mr. Trevor Kidd: I originally trained as a paramedic at Humber College from 1999 to 2001. I worked two years on land between Niagara region and Timiskaming and then I went to air under Voyageur Airways 795 in Sioux Lookout in 2003—I believe, May 2003.

Ornge took over the base I was working at in January 2006. I worked at that base until I transferred to Thunder Bay around February 2007. I transferred to Windsor in November 2008, and then spent the last couple of months I worked at Ornge in Peterborough. Before resigning, I completed a biology degree at Trent University. After Mazza departed from the air ambulance, I came back—not to Ornge but to one of the contract carriers, Thunder Airlines, in Thunder Bay.

Mr. Frank Klees: What was it that motivated you to get into the emergency care business, get your training as a paramedic?

Mr. Trevor Kidd: My motivation to be a paramedic was simply—it was a job; I wanted to help people. At the time, when I was younger, I didn't feel I had enough time to spend many years in school. To be a paramedic was two years, and I could get out working, helping people.

0850

When I had the opportunity to join the air ambulance, the air ambulance was the best of the best. You could work with the people who had the most training. You could see the highest level of acuity care, and it was a great opportunity. I think at that time anyone who could have received that opportunity would have jumped at it. The same is not true today.

Mr. Frank Klees: At what point did things start to go wrong? Can you just elaborate? Is there a specific time or time frame during which you started to see some changes?

Mr. Trevor Kidd: The first time that I thought there were potentially some major problems with Ornge was actually within the first year that Ornge had taken over as much of the air ambulance as they had. They had passed some kind of law which had stopped the contract carriers, the standing-offer-agreement carriers, from doing advanced care transfers inter-facility-wise.

Mr. Frank Klees: What year would that have been?

Mr. Trevor Kidd: That would have been in 2006, the first year that they were running the air ambulance. This seemed like just a blatant power grab to harm the competition. It made no sense. It harmed patient care. It left the hospitals in a situation where they had to send staff frequently with primary care SOA carriers instead of advanced care carriers which had previously been available.

Mr. Frank Klees: Okay. I'd like to just spend a little bit of time talking about that. You're saying that there was a definite point in time when Ornge took over a certain part of the air ambulance business and that certain things then started to go wrong. Can you be specific about the kind of circumstances that you as a paramedic—I'd like to hear this from your perspective as a paramedic who's actually on the front line doing the work. What kind of specific things changed in your day-to-day functions once Ornge took over?

Mr. Trevor Kidd: Okay. The issue I was previously talking about: I was working with advanced care paramedics in Sioux Lookout who may have worked there part-time for 795. On Thunder Airlines or one of the

other SOA carriers where they worked full-time, they could no longer function as advanced care carrying patients between hospitals, even though they could do that working with Ornge. There was no difference. The only difference was who they were officially working under.

Shortly after that, I transferred to Thunder Bay. There were issues there with getting myself trained to the critical care level. They seemed to be delaying things. They just didn't want to put out any money to get us trained, and they had no motivation, because previously carriers were fined if they weren't at the level of care they were supposed to be at. With Ornge, that didn't happen. So I waited for years to get my precepting done at the critical care level. Even though I was working with a critical care partner who could have been precepting me at that time, they wouldn't allow it to happen. That caused countless delays.

Shortly after that, I was moved to the new fixed-wing, which was simply not set up in any way that could safely transport sick patients. Aircraft that have advanced care and critical care—and even, for the most part, primary care—crews have lots of shelving units where we keep all our equipment. The aircraft that Ornge set up in Thunder Bay, the fixed-wing they set up, we had all of our equipment stuffed into large bags sitting on the second stretcher. Whenever you needed anything, you had to search through bags trying to find the equipment and hope when you found it that it was still good. Chances are it wasn't sterile anymore—you know, bags were ripped open, all kinds of stuff. You would be desperately searching for something you needed to assist the patient, and you'd have to try to find it, and then you'd have stuff strewn all over the floor. It was just a mess.

Mr. Frank Klees: So you, as a paramedic, were going through this duffel bag looking for whatever you need there—

Mr. Trevor Kidd: Vital equipment, yes.

Mr. Frank Klees: What did you do about that? Did you talk to your superiors about that? And if so, to whom did you bring those concerns?

Mr. Trevor Kidd: I brought up that concern as well as a couple of other concerns to Rick Potter.

The other concerns were that this was a dedicated aircraft where pilots had to be there for the 12-hour shift. So unlike SOA carriers, where you were called in, dedicated pilots all throughout Ornge—previous carriers had always been paid salary and not a combination of salary and mileage. We had been promised before we agreed to go over to this aircraft that the pilots would be paid strictly salary and not a lower salary and then mileage. That was not the case, so I went to Rick Potter with that concern as well. I got nowhere with those concerns. The only thing he did do was that he went to the pilots and informed them that if they spoke to the paramedics about any issue, including safety or weather, that there would be serious consequences for them. So it essentially left us in a position where we wouldn't know what kind of weather we'd be flying through, what kind of weather would exist in the location. And if our patient

or a family escort had concerns, we couldn't find out that information. It was very unsafe. It was a childish way to react to the serious problems that were being presented to him.

Mr. Frank Klees: So pilots were told not to have any of those discussions with the paramedics. I'm assuming, and one would think, that it's a fairly tight team on an emergency medical team like that.

Mr. Trevor Kidd: It's supposed to be a very tight team, and things certainly work a lot better when it is a tight team. When relations deteriorate between pilots and paramedics or other kind of crew, then it makes the job a lot harder.

Mr. Frank Klees: Was that the first step of intimidation that you and your colleagues started to feel in this organization?

Mr. Trevor Kidd: Certainly for myself in Thunder Bay, what surrounded the implementation of the fixed-wing up there was the first step I had seen of intimidation. It included other intimidation before that. I mean, as someone who was still in the critical care program, I was told that I had to go over to that aircraft from the helicopter or I would be thrown out of the critical care program, even though there was supposed to be complete separation between the education department and the company.

Mr. Frank Klees: So did you attempt—you say you didn't get very far with Mr. Potter. Was there anyone else that you tried to express your concerns to about, first of all, the safety issues that you were seeing?

Mr. Trevor Kidd: These issues were discussed with a lot of people. Fred Rusk came in and looked at the aircraft.

Mr. Frank Klees: Fred Rusk: What was his position at the time?

Mr. Trevor Kidd: I can't say exactly what his position was, but he was brought in to look at the aircraft and make recommendations as to what should be done with it.

Mr. Frank Klees: Now, who was Fred with at that time?

Mr. Trevor Kidd: I can't say if he was with Ornge or if he was contracted to work with Ornge.

Mr. Frank Klees: Because my understanding is that there was a time when Mr. Rusk was with the Ministry of Health.

Mr. Trevor Kidd: Yes.

Mr. Frank Klees: You're saying you spoke with Mr. Rusk when he was either a consultant or he was employed by Ornge, but he was a go-to person for you?

Mr. Trevor Kidd: I didn't personally speak to Fred Rusk. One of my co-workers spoke with Fred Rusk. Then he came in, looked at the aircraft and made a list of many, many recommendations that had to be fulfilled for this aircraft to be workable. None of those recommendations had been fulfilled when I left eight months later—when I left Thunder Bay.

Mr. Frank Klees: Did Mr. Rusk, to your knowledge, express to anyone to whose attention he brought that list of issues?

Mr. Trevor Kidd: I don't know of any reaction of anyone within the company.

Mr. Frank Klees: Were there any other safety concerns?

Mr. Trevor Kidd: I don't believe there were any other safety concerns at that time—not that I can think of. Most of them started to occur in the coming months and years.

Mr. Frank Klees: Do you recall any circumstances when you were on duty that, as a result of the circumstances you've described in the aircraft and so on, you felt that a patient's care may have been compromised?

Mr. Trevor Kidd: I was pretty lucky. I worked with pretty strong partners, and generally, we almost always made it through. We had one issue where a gentleman had lost some fingers due to an accident with a skilsaw or some other type of saw, and the delays that existed in getting him from Thunder Bay to Winnipeg were outrageous. I was on the phone with dispatch probably 15 times alone, on the ground in Winnipeg, waiting for a land ambulance to pick us up. The land ambulance was finally sent and had been sent code 1 instead of code 4, or whatever their coding system was in Winnipeg.

Mr. Frank Klees: We've had a lot of discussion over the last number of weeks, throughout the course of these hearings, regarding circumstances that involved down-staffing: either not enough pilots, not enough paramedics. You've raised the issue of dispatch. Could you elaborate on what took place at the communications centre? Did you notice a change—again, I'd like to get a sense of before and after. With the advent of the Ornge regime, was there any noticeable change on the dispatch side of the operation?

0900

Mr. Trevor Kidd: Yes, there was. Dispatch is a tough job. I've never worked it, but I can guarantee it is a tough job. Things have never been completely smooth, and you can't expect things to run perfectly when it's that kind of complicated position. But the level of training that was required for people working at dispatch deteriorated under Dr. Mazza. You could see the difference. You could be talking to a call-taker who simply didn't know a lot of the medical terms and what was going on, and didn't know what questions to ask when they initially talked to the hospital. How you can properly dispatch air ambulances around the province when you don't have a firm grasp on what's going on medically is very difficult.

On the pilot side, my understanding is that similar things have happened. I don't have enough knowledge on the aviation side to be able to actually comment on that, but that's what I've been told.

Mr. Frank Klees: I'd like to get your sense of what is happening out in the field today. You haven't been there for a while. You left for the reasons that you've indicated, but you say you continued to stay in touch with your colleagues on the front lines. It's no secret what has taken place at Ornge. It's no secret that there are some serious issues, and we have yet to determine exactly what all of the reasons are. But what we do know is that there

continue to be numerous incidents where, for one reason or another, when a call goes out, the Ornge air ambulance cannot respond. We continue to hear about issues on the dispatch side. I've heard about an event this past month where the dispatcher lost the helicopter. The dispatcher actually called the home of the pilot to see if he was there. His wife answered, who happened to know that he was on a call—somewhat distressing for her. I think it speaks to the point that you're making about the lack of qualifications of people who are actually on the front lines doing some of this work—no fault of their own, but it gets back again to training.

I continue to hear—we hear from the minister all the time—that the minister insists that in her conversations with front-line people, paramedics and pilots, she tells us that they're fully supportive of what the government is doing and that all is doing well, that they feel secure with the direction that Ornge is going. Can you comment on that? Is that what you're hearing as well?

Mr. Trevor Kidd: Not at all. When it comes to aircraft engineers and pilots, we have the numbers that show that these people are leaving in droves. So, obviously, they don't have confidence in the way the system is going. For paramedics, they don't have as easy an opportunity to leave. If Ornge didn't have basically a monopoly over people with higher training in this province, paramedics would have left en masse in 2008, 2009, 2010, 2011 and this year. Most of them want to work somewhere else, but there is no place in this province where they can work somewhere else. They feel that the problems haven't been dealt with. They want whistle-blower protection put in place. Most of them I talked to feel that we will not receive strong whistle-blower protection until everything has blown over. At that point in time, it's too late to be able to testify.

The people I talk to who work on helicopters feel like these helicopters just shouldn't be used for air ambulance in this province. They don't feel they are the appropriate helicopters. They feel that they're very difficult to work on. They tell me that, as they are loading and unloading patients, they lose intubation tubes; they lose IVs. That's very critical, and that never happened on the previous aircraft. We used to be able to unload the stretcher off the Sikorskys in seconds. It was very quick. If you needed to, you could do it in 10 or 15 seconds, or 30 seconds if you weren't in a rush. People tell me that it can take 10 minutes to unload the stretchers in this helicopter, that they're just—I haven't worked in the helicopter. I haven't actually even seen the interior of the helicopter, so I don't know exactly what they're going through. But there's enormous frustration with the people who I talk to with these new helicopters.

There's enormous frustration with the organization. They're frustrated that some of the people who they feel shouldn't be there are still there, and of course we know that the pilots and the engineers can much more easily just leave with their frustrations and go work somewhere else where they don't have to deal with these kinds of issues.

The Chair (Mr. Norm Miller): You've got about two minutes.

Mr. Frank Klees: Could I have five and I'll tack it on?

The Chair (Mr. Norm Miller): Certainly. Go ahead.

Mr. Frank Klees: You know, obviously, what you're saying is very disturbing because it deals with patient care. I'm not a paramedic, but I can only imagine that if it takes 10 minutes to extricate a patient from a helicopter, that could very well be a life-and-death issue.

We would like to think that there are competent people there now in senior management positions who are addressing these issues, so that they get dealt with. You're telling us they persist—

Mr. Trevor Kidd: Yes.

Mr. Frank Klees: —even since Mr. McKerlie has been there. You mention that there are still some people there who should not be there, in your opinion. I don't want to put you on the spot, but can you give us a sense of who, in your opinion, is still in a senior management position there who isn't doing their job and maybe is not qualified to?

Mr. Trevor Kidd: I have a list that I can submit, if you would like.

Mr. Frank Klees: Okay. We'd appreciate that.

Mr. David Zimmer: Chair, are we getting that list now or—

Mr. Frank Klees: Do you have it with you?

Mr. Trevor Kidd: I have a list right here.

Mr. Frank Klees: Okay. Well, maybe the clerk—

The Chair (Mr. Norm Miller): We'll get it copied.

Mr. David Zimmer: It's a list of names?

Mr. Trevor Kidd: Yes.

Mr. David Zimmer: Okay. Thank you.

Mr. Frank Klees: Chair, I will defer, then, until my next round.

The Chair (Mr. Norm Miller): Very well, and you're just about on time. Good. So we'll move on to the NDP. Ms. Gélinas.

M^{me} France Gélinas: Nice to see you, Mr. Kidd, and thank you for coming. I know that it tends to be a nerve-racking process. We will try to be as helpful as we can, but you do have knowledge that we would like to hear from.

In your statement, you start by saying, "In 2008, I was moved to the new fixed-wing that Ornge was starting in Thunder Bay." Now, "I was moved" is really different from "I applied to and chose to go." Why did you use that language?

Mr. Trevor Kidd: I was working on the helicopter 797 in Thunder Bay. Ornge brought in a fixed-wing. The staff there had tried to negotiate with management a system where everyone would work on both aircraft, so you're on the helicopter for a while and the fixed-wing, the other aircraft. Ornge said they would not do that and they wanted designated staff over there. To get people like myself on to the fixed-wing, they threatened that they would remove me from the critical care course that I

was two years into at the time, if I did not go to the fixed-wing.

There were four of us who were students in Thunder Bay. They threatened the four of us that if we did not move to the fixed-wing, then we would be thrown out of the course, so myself and another person agreed to go.

M^{me} France Gélinas: Because you were dependent upon Ornge to finish your training?

Mr. Trevor Kidd: Yes.

M^{me} France Gélinas: Okay. So not only were they your employer, but they were also the one giving the training. So they used that opportunity to pressure you to go to this—

Mr. Trevor Kidd: Yes, and the education department was supposed to be separate from operations, but that clearly was not the case at least for that issue.

M^{me} France Gélinas: Do you remember who you had that conversation with?

Mr. Trevor Kidd: That conversation—actually, I don't know who the people were in management who informed the union of this. The union had a meeting with us and informed us that was the case.

M^{me} France Gélinas: Who was your union?

Mr. Trevor Kidd: Chuck Telky was the head of the union.

M^{me} France Gélinas: And who represents you? Was it OPSEU?

Mr. Trevor Kidd: The CAW.

M^{me} France Gélinas: CAW. And what local?

Mr. Trevor Kidd: Local 2002.

M^{me} France Gélinas: Did you grieve? Did you put in a grievance?

0910

Mr. Trevor Kidd: The union were the people who were telling us that this was what management had decided. They seemed not to have any disagreement with it, so there seemed to be no way forward in grieving it.

M^{me} France Gélinas: Do you know if any of your colleagues put in grievances? Were grievances happening often?

Mr. Trevor Kidd: Oh, there were many, many grievances at Ornge, yes—not on that specific situation, but there were a lot of grievances at Ornge.

M^{me} France Gélinas: Have you ever put in a grievance?

Mr. Trevor Kidd: With my house, where Ornge didn't pay the expenses. I contacted the head of the union and informed him that Rhoda Beecher had turned down my expenses on the house and I wanted a grievance filed. He told me that the union had filed a grievance on my behalf when the Windsor base had been delayed, on November 3, so that was about six months earlier. He said that we were at whatever level—level 3 or level 4—that there would be a meeting within 30 days, and if that failed, then it would go forward to arbitration.

I was in contact with them with text messages about the meeting within 30 days, which he said resolved nothing and that we were moving forward. Later that summer, I was told that the union was dropping the

grievance. A year or so later, when I went to small claims court with Ornge, I was informed that the union's position was that there had never been a grievance. I'm at the Ontario Labour Relations Board right now with that issue.

M^{me} France G  linas: Okay. So this is an ongoing issue that hasn't been settled.

Mr. Trevor Kidd: This is, yes.

M^{me} France G  linas: In 2008, you ended up going to the fixed-wing in Thunder Bay, but you quickly applied to go to Windsor.

Mr. Trevor Kidd: Yes.

M^{me} France G  linas: How did this process unfold? How different was it from your being told to go there versus all of a sudden you had an opportunity to bid on a different job?

Mr. Trevor Kidd: With the Windsor base opening, and Peterborough and Markham, they were looking for staff who had experience to agree to go to these bases. For the Windsor base, before I put in to go there, there was really no one who had any experience with Ornge, so they were looking for someone who kind of knew the ropes. They had put out a request to see if anyone wanted to transfer there. That was the end of August. I submitted and was approved for it on September 8, 2008.

M^{me} France G  linas: So from September 8, 2008, you made arrangements to be ready to move and work in Windsor?

Mr. Trevor Kidd: Yes, that's correct.

M^{me} France G  linas: And nobody ever led you to believe that this was not going to happen until the day you were supposed to report to work on November 3, when you were told, "Ha ha, there's no job"?

Mr. Trevor Kidd: In fact, on October 31—the Friday before the Monday—they sent out an email advising us that the 11 of us who were supposed to go to Windsor were to come to Toronto on the Monday at 10 o'clock for a team building meeting. In that email, they outlined the orientation that was going to be continuing over the next couple of days. On the Thursday, from 8 o'clock in the morning until 4 o'clock in the afternoon, there was going to be a trip around the city for the paramedics to get used to it. This was all outlined in the email that came out in the afternoon on October 31, so just a couple of business hours before they told us they weren't opening the base.

M^{me} France G  linas: So the transition had been set, you were to get your training on streets on how to work as a team, how things were going to be. Did they give any explanation as to why they were not opening?

Mr. Trevor Kidd: The email that was sent out by Tom Lepine while this meeting was going on said that due to the international financial situation, Ornge was not going ahead with—they said they were delaying the base in Windsor. According to EMS in Windsor and the hospital in Windsor, they've never been informed that this base was any more than delayed. I don't know if anything ever officially came out saying that the base had been cancelled.

M^{me} France G  linas: In your mind, what does the international financial market have to do with providing EMS to the people of Ontario?

Mr. Trevor Kidd: I don't think it has anything with that. I think it has to do with Ornge's for-profit interests and the amount of money they were having to shift onto that end of things. If the international financial markets didn't look as good, then they were going to need more taxpayer money to go toward those private financial interests, and that was going to have to come out of the money that was supposed to go to operations in Ontario.

M^{me} France G  linas: How much did the people at Ornge know that they were for-profit entities being created?

Mr. Trevor Kidd: That's hard to say. I think—

M^{me} France G  linas: How much did you know? You knew that they existed.

Mr. Trevor Kidd: Yes. There was a lot of talk as to what was going on. The difficulty was getting anything ironed down.

Before I left Ornge in 2009, I knew that there was a lot of corruption going on, and I could list all kinds of things that I knew were going on—the speedboat; the resort or whatnot for J Smarts. I knew all this stuff was going on. Whether or not I could provide evidence for it was the issue, like having something ironed down on a piece of paper, saying, "This is proof that this is going on."

M^{me} France G  linas: But staff were talking. In the rumour mill of a place of employment, people knew that Dr. Mazza had bought a speedboat. Could you make a link between the need to provide patient transfer and the need for a speedboat?

Mr. Trevor Kidd: No.

M^{me} France G  linas: No. Okay. And the same thing with what you call the resort: The rumour mills at work knew that taxpayers' money was being used to buy that kind of stuff—

Mr. Trevor Kidd: Yes.

M^{me} France G  linas: —and you also knew that some for-profit companies were being set up.

Mr. Trevor Kidd: Yes.

M^{me} France G  linas: This kind of information was never shared with the staff at Ornge?

Mr. Trevor Kidd: No, absolutely not.

M^{me} France G  linas: You heard of them through the rumour mills, mainly?

Mr. Trevor Kidd: Yes. I mean, Ornge management basically tried to create an air where there was nothing going on, where they were tightening their belts, just as they were expecting everyone else to.

M^{me} France G  linas: The official line you were being told was, "Things are tough. We have to tighten our belts, and everybody has to co-operate." But then, through the rumour mills, you hear—was the rumour mill talking about the salaries that Mr. Mazza was being paid?

Mr. Trevor Kidd: We all knew that Dr. Mazza was no longer on the sunshine list. We all knew that he didn't seem to be living extremely frugally. We also knew that,

for instance, Steve Farquhar's wages increased \$96,000 in 2009. Tom Lepine's—

M^{me} France Gélinas: How did you know that?

Mr. Trevor Kidd: That was on the sunshine list.

M^{me} France Gélinas: Okay. Sorry, I didn't mean to interrupt.

Mr. Trevor Kidd: No problem.

M^{me} France Gélinas: You knew that Dr. Mazza was no longer on the sunshine list. You knew by his actions that he was being well paid.

Mr. Trevor Kidd: Yes, and we also knew that there were things going on, like Dr. Mazza's girlfriend being hired, Rhoda Beecher's daughter being hired. I mean, these were the worst-kept secrets at Ornge.

M^{me} France Gélinas: And did that worry you?

Mr. Trevor Kidd: I was extremely worried, and the main worry was that it was affecting patient care. We already knew that what was going on at Ornge was leading to negative patient outcomes. When we look at the amount, 145 or whatever, that are currently under the coroner's inquest, which I think is far lower than what they would actually find if they dug a lot deeper—I knew in 2009 not only that those cases were already going on, but that it was inevitable that they would dramatically increase as Ornge kept on going, unless something was done to stop what was occurring.

M^{me} France Gélinas: In your letter to us, you say, "I left in disgust in the fall of 2009." I kind of know what you were disgusted about, but could you put it out for the record? You left; you were disgusted about what?

Mr. Trevor Kidd: I was disgusted about several things: first of all, the way we had been treated in Windsor and the lack of redress there. But at the same time, I had discussed with the partner I was working with in Peterborough, who was also from northern Ontario like I was, that if patients started to die in northern Ontario, I had to leave. Of course, things have progressed to being short-staffed everywhere, but at that time, the major staffing issues were in northern Ontario.

I put in my two weeks' notice after I had talked to a couple of people who were on a call and was pretty sure that if this patient in northern Ontario, a teenager from northwestern Ontario, did not die because of Ornge—it probably appears as though she would have died anyway—that had she been in a situation where she could have survived, Ornge had robbed her of that chance simply by not having aircraft properly staffed, their own aircraft in northwestern Ontario; also by not having standing offer aircraft properly staffed as advanced care anymore; and by simply not sending out the crews in a timely manner. This patient died after waiting several hours for an aircraft that simply should have been there.

0920

M^{me} France Gélinas: So you see what's happening. You're disgusted about the whole thing to the point where you decide to leave. This is a major decision. Did you ring the alarm bells in any way?

Mr. Trevor Kidd: Between the fall of 2009 and the fall of 2010, I had contacted a couple of journalists and

discussed things that were going on. That didn't get anywhere and I felt that chances were, the problem was with me and that I simply couldn't provide the kind of information that would have got them started.

I no longer believe that was probably the case. It was simply a case where—at the time I left, Ornge had developed and maintained this Mother-Teresa-like—in the media.

M^{me} France Gélinas: Image, yes.

Mr. Trevor Kidd: Ornge had this image that was of this incredible organization that had saved the air ambulance from the brink of disaster, which was the opposite of what had actually happened. The air ambulance was functioning not perfect but very well before Ornge took over and Ornge was driving it into the ground.

So you had to overcome the situation where you knew the media had this sterling image of Ornge. At the same time, the information that has come out about Ornge is crazy. When you talked to someone about what was going on, you had to try to really downplay it or you worried that they would dismiss you as being crazy. I mean, the way these stories have come out in the media has allowed people to get used to the things that were going on there, but if you just went and talked to someone and you said that these are the things that are going on at this organization that has this great reputation, nobody would believe you.

My father also talked to some people. I felt that he was in a better position to talk to certain people than I was. He talked to people within the Ministry of Health. He also talked to David Ramsay, before he left office, on more than one occasion.

M^{me} France Gélinas: Just for the record, I know your dad is the mayor, but you may want to put that on the record.

Mr. Trevor Kidd: My father is the mayor of Temiskaming Shores.

M^{me} France Gélinas: So the mayor of Temiskaming Shores knew of the situation because he's your father and you had shared. He went to the Ministry of Health and explained what was going on. He knew about the boats, he knew about—

Mr. Trevor Kidd: I can't say what my father discussed with them. I certainly had told him that these things were going on. Of course, he knew about my own situation there. I know that he talked to Kevin Finnerty, who I believe is in communications with the Ministry of Health.

Mr. David Zimmer: Sorry, I missed that. I didn't hear it.

Mr. Trevor Kidd: Kevin Finnerty, communications with the Ministry of Health, and Malcolm Bates, who I believe is director of emergency health services for the Ministry of Health. He talked to another woman who had previously been at the Ministry of Health, but she had moved on to another ministry at that time.

M^{me} France Gélinas: Do you remember her name?

Mr. Trevor Kidd: I have it written down here somewhere.

M^{me} France G  linas: And you said that your father also went to his own MPP, who was David Ramsay at the time.

Mr. Trevor Kidd: Yes.

M^{me} France G  linas: Do you know if any of them followed up?

Mr. Trevor Kidd: Sylvia Shedden was the woman who he spoke to. She advised him to speak to Malcolm Bates.

M^{me} France G  linas: Okay.

Mr. Trevor Kidd: And then both of us had talked to John Vanthof after he came into his position. As far as I know, I don't see anything that was done between Malcolm Bates or David Ramsay or Kevin Finnerty.

M^{me} France G  linas: Just to clarify: You said that you yourself also talked to some of the people in the ministry, or only your father?

Mr. Trevor Kidd: Only my father talked to people in the ministry.

M^{me} France G  linas: Okay. Except for trying to ring the alarm bell with the media, did you try to tell somebody else what was going on?

Mr. Trevor Kidd: Are you referring to within Ornge or outside of Ornge?

M^{me} France G  linas: Everyone.

Mr. Trevor Kidd: Within Ornge, of course, there was communication going on with people who were front-line workers. Going anywhere above that, I don't think anyone would have attempted to do. I mean, nobody was going to go to Steve Farquhar or Tom Lepine, those kinds of people. I had—

M^{me} France G  linas: Why not?

Mr. Trevor Kidd: Well, I think we all knew what kind of reaction we were going to get. I don't think we would have got a response anyway. I had contacted Steve Farquhar about the land program and what had happened there probably four or five times, between leaving phone messages and email messages, and never got a response from him at any point in time.

We, of course, had managers who were at a lower level, so they, I would assume, heard the same things we did. Some of them were people who you wouldn't approach about any kind of problem other than—they were people who if they had felt there were problems, they would have just been let go anyways.

The Chair (Mr. Norm Miller): You have about two minutes.

M^{me} France G  linas: So you felt that if you had gone to a manager to explain and that manager had taken your case up as to what is going on here—"Spending money on a boat might not have been the wisest thing to do; maybe we should have spent it on patient care"—they could have lost their job by speaking out?

Mr. Trevor Kidd: I think they would have. There was enough lower management that had been fired for any number of reasons that I think it would have happened. I did go to Rick Potter about legitimate safety issues on the aircraft, and I saw what reaction that had gotten.

M^{me} France G  linas: And that reaction was that he dismissed you?

Mr. Trevor Kidd: He not only dismissed me, but then he went to the pilots and told them that they could not communicate with the paramedics and made the aircraft less safe than it had been before.

M^{me} France G  linas: Okay. Does a specific example of a lower-level manager being dismissed come to mind when you think about the culture and what you saw, heard and lived through?

Mr. Trevor Kidd: I mean, Robbin Lavoie was the regional operations manager in Thunder Bay. I can't say for sure if he was dismissed or left, but he had certainly come close to losing his job when he had complained a bit about Ornge firing some of the office staff they had. In Thunder Bay, we had Dawna Watts. They were brought down to Toronto, the staff from each base, and were told that their assistance was no longer required.

He had also talked to one paramedic about a situation where Ornge was providing discipline towards that employee. He said that he completely disagreed with what was going on but that if he said anything, he would no longer be working there.

The Chair (Mr. Norm Miller): Thank you, and we'll move on to the government. Who would like to ask questions over there? Mr. Moridi.

Mr. Reza Moridi: Thank you very much, Mr. Chair, and thank you, Mr. Kidd, for appearing before this committee.

Mr. Kidd, do you currently work for Thunder Air?

Mr. Trevor Kidd: Yes, I do.

Mr. Reza Moridi: Can you tell us a little bit about the detail of the work you did for Ornge when you were working for Ornge?

Mr. Trevor Kidd: When Ornge took over, I was an advanced care flight paramedic. I did my critical care training while I was there. I never certified critical care, due to delays that had occurred.

Now, at Thunder Airlines, I work as a primary care paramedic there, so I no longer work at an advanced care level or a critical care level. At some point in time, Thunder Air may be allowed to start doing advanced care transfers again, and if that's the case, I would look at getting my advanced care back.

Mr. Reza Moridi: When you were working for Ornge, whom did you report to? Who was your supervisor there?

Mr. Trevor Kidd: My immediate supervisor when I was in Sioux Lookout was Ron Laverty. In Thunder Bay, it was Robbin Lavoie. In Peterborough, it was Jeff Carss.

Mr. Reza Moridi: And what was your position at Ornge, or what positions did you hold?

Mr. Trevor Kidd: I was an advanced care flight paramedic, I was a preceptor of advanced care flight paramedics, and I was a critical care resident. In Thunder Bay, on the fixed-wing, I was the most senior paramedic there, but I don't think that makes any difference for your position there.

Mr. Reza Moridi: How long did you work for Ornge?

Mr. Trevor Kidd: I worked for Ornge from, I believe, January 6, 2006, until, I would say, early October 2009.

Mr. Reza Moridi: So about three and a half years.

Mr. Trevor Kidd: Yes.

Mr. Reza Moridi: When did you leave Ornge?

Mr. Trevor Kidd: Sorry, when or why?

Mr. Reza Moridi: When did you leave Ornge?

Mr. Trevor Kidd: I left Ornge early October 2009.

Mr. Reza Moridi: Do you know a gentleman by the name of Bob Mackie, who is the president and owner of Thunder Air?

Mr. Trevor Kidd: Yes, I know Bob Mackie.

Mr. Reza Moridi: He's your boss now, I guess? You work for him.

Mr. Trevor Kidd: Yes, he is.

Mr. Reza Moridi: He's also a director at the Air Transport Association, I believe.

Mr. Trevor Kidd: Yes. As far as I know, he is.
0930

Mr. Reza Moridi: When Mr. Mackie appeared before this committee, he expressed his frustration about his company losing business when Ornge Air was created. What do you think about his statement?

Mr. Trevor Kidd: I believe the statement is absolutely correct. In what I believe was the fall of 2006, Ornge changed the situation. Where prior to that, standing offer agreement carriers such as Thunder Air could do advanced care transfers between hospitals, Ornge removed the ability for them to do that, which left staff from hospitals going along with primary care aircraft and led to companies like Thunder Air needing to lay off advanced care paramedics and left, really, the province with far, far fewer advanced care aircraft than had existed before Ornge took over.

Mr. Reza Moridi: When Ornge Air was created, apart from Thunder Air, did other agreement carriers—they were also affected by lost business, basically?

Mr. Trevor Kidd: Yes.

Mr. Reza Moridi: As a competition.

Mr. Trevor Kidd: Most of the previous carriers have left either due to finances or not wanting to deal with Ornge. Voyageur Airways used to have the dedicated contracts for the fixed-wing, but they also had some standing offer aircraft. They no longer have anything to do with the air ambulance. I can't say exactly what their reasons were for making that decision, but I know that they were not happy with the direction Ornge was taking the air ambulance in this province.

Mr. Reza Moridi: Mr. Mackie said that he lost business as a result of the creation of Ornge Air. How much do you think his business lost in terms of revenue?

Mr. Trevor Kidd: I can't make a comment about that but I would be pretty sure that it was significant. It's expensive to run air ambulance. You're already buying all the equipment you would need to run advanced care, and when that's pulled out from under you, you've still incurred all these costs and now you're no longer generating revenue from it.

Mr. Reza Moridi: Could it be millions?

Mr. Trevor Kidd: I would think so, but I can't say for sure.

Mr. Reza Moridi: Have you read the Auditor General's report?

Mr. Trevor Kidd: Yes.

Mr. Reza Moridi: You have. Do you agree with the Auditor General that our government needs to strengthen the oversight framework and also bring legislation to the Parliament?

Mr. Trevor Kidd: Sorry, could you please repeat that? There was a little bit of noise in the background.

Mr. Reza Moridi: Would you agree with the Auditor General's suggestion that we need to strengthen the oversight on our performance agreement with Ornge?

Mr. Trevor Kidd: I absolutely think that—well, my disagreement would be that I think there needs to be increased oversight on the air ambulance. I don't think, and the paramedics I talk to don't think, Ornge should exist. We think that what is currently under Ornge should be delivered back to the other carriers; have them bid on it. Voyageur, Thunder, these companies can bid on the fixed-wing, and the same with the rotor wing. People I talk to simply do not feel that Ornge has the ability to run an airline. Maybe they can, but the paramedics I've talked to and the pilots I've talked to don't have that confidence.

Everything seemed to go wrong as Ornge moved more and more into the system. Whether or not it can—things can be improved by better regulation and better oversight, but I still think there's a problem with Ornge running the aircraft. I just don't think it makes any sense.

Mr. Reza Moridi: Are you aware that our government amended the performance agreement with Ornge and also brought in legislation to the House with regard to Ornge?

Mr. Trevor Kidd: I've been told that these things occurred, but I haven't read any of the legislation. I haven't read the performance agreements. I can't say exactly what they say—

Mr. Reza Moridi: Would you agree that government oversight on Ornge should be similar to our oversight on hospitals?

Mr. Trevor Kidd: I'm not very aware of exactly what the oversight is on hospitals. I would say that the oversight on the air ambulance has to be much higher than it was. I mean, for several years, Ornge, for the land program, had Ottawa running 24 hours and Peterborough and Markham running 12 hours. That was 20% of the crews that Ornge was originally supposed to set up, and they were receiving 70% of the originally proposed money. I think that the strong oversight wouldn't have allowed that to happen, and strong oversight would have said, when Windsor was shut down, "Why did this happen?" and "Where's the money going?" If the oversight was there, I don't see the evidence for it.

Mr. Reza Moridi: Earlier you mentioned, Mr. Kidd, that you'd like to see whistle-blower protection. Our government brought Bill 50 to the House, basically men-

tioning that one of the items in the bill is whistle-blower protection. Do you think that all parties should support this bill?

Mr. Trevor Kidd: I haven't actually read the bill. I can't say what whistle-blower protection that provides, whether it's strong enough. I think it would have to be some kind of independent counsel who has expertise in whistle-blower protection to provide any foresight on that.

Mr. Reza Moridi: If you think that the clause on whistle-blower protection is adequate from your point of view, do you think that all parties should support the bill?

Mr. Trevor Kidd: If there is strong whistle-blower protection—I'm not a politician. I don't know what all is in the bill. I can't say anything. I don't know if it's possible to support a certain clause. I don't know. I'd like to see very strong whistle-blower protection. How it gets there, I don't know.

Mr. Reza Moridi: Thank you very much.

Mr. Trevor Kidd: No problem.

Mr. Reza Moridi: I'm going to pass it to Mr. Zimmer.

The Chair (Mr. Norm Miller): Mr. Zimmer.

Mr. David Zimmer: Thank you, Chair.

Do you know Trevor Harness?

Mr. Trevor Kidd: I knew Trevor Harness briefly.

Mr. David Zimmer: Did you work with Trevor Harness?

Mr. Trevor Kidd: Well, it depends on what manner you mean. I worked at Ornge at the same time he was at Ornge. Did I work with him under any of the stuff he was investigating? No. I know that Trevor Harness had an investigative team. I didn't have that, and I didn't want to be part of a broader investigation. I just had a couple of people I talked to frequently, and they provided the kind of information that they could.

Mr. David Zimmer: When you worked with Trevor Harness at Ornge, how did you work together?

Mr. Trevor Kidd: He was at the dispatch centre and I was working as a flight paramedic, so I knew of him. I have never met him. We're each just one of hundreds of people working in the same organization.

Mr. David Zimmer: You said in your earlier statement that you left Ornge "with the goal of exposing the corruption." Is that correct?

Mr. Trevor Kidd: Yes.

Mr. David Zimmer: What were the first steps in your reaching towards that goal of exposing corruption?

Mr. Trevor Kidd: Over the years I have compiled evidence, or simply lines of "I know this was going on, but I might not have evidence of it"—so everything I found out that was going on that either was corrupt or—

Mr. David Zimmer: And did you make notes and keep a record of your work that you did?

Mr. Trevor Kidd: I have notes that I have in a document. I sent Frank Klees a document last April, I believe. It would have been 25 pages or so, that had hundreds of points—maybe not hundreds; probably a hundred points—

Mr. David Zimmer: You sent that to Mr. Klees last year, and it was about 25 pages plus?

Mr. Trevor Kidd: Yes. Well, you know, 24, 25 pages, I would say.

Mr. David Zimmer: Do you have that document with you today?

Mr. Trevor Kidd: No, I don't.

Mr. David Zimmer: Would you share that document with the rest of the committee members so we can all—

Mr. Trevor Kidd: Yes.

Mr. David Zimmer: All right. This is the clerk, so you can share that with him.

Mr. Trevor Kidd: Yes. I will email him.

Mr. David Zimmer: The statement that you read in, on behalf of fellow Ornge employees: How many employees were you speaking on behalf of?

Mr. Trevor Kidd: There were nine employees I asked if I could use their names, because they had sent me information on more than one occasion. All of them replied saying that they were not comfortable with that and gave reasons why, so I put together a statement. I sent that to them all and asked if they approved of the statement or not, or if they wanted any changes made to it, and then some changes were made.

Mr. David Zimmer: Do you know why they don't want their names disclosed?

Mr. Trevor Kidd: They feel that there are still people working high up within Ornge who they'll feel repercussions from if their names come out. They don't feel that whistle-blower protection has been provided yet.

Mr. David Zimmer: Were any of those names disclosed in the 25-page document that you released to Mr. Klees?

Mr. Trevor Kidd: I can't say for sure, but I'm pretty sure that there were no names on that list.

Mr. David Zimmer: Would you share those names privately with other members of this committee, including Mr. Klees?

0940

Mr. Trevor Kidd: I asked them if I could submit their names, and they said no. So I don't think I have any right to do that at this time.

Mr. David Zimmer: Have you shared those names with Mr. Klees?

Mr. Trevor Kidd: No.

Mr. David Zimmer: The document you provided here, that you gave to the clerk and he has made photocopies, says, "The front-line staff who I talk to state that they do not feel that this organization can move forward until the following people (in alphabetical order) left over from the Ornge corruption days are terminated," and then you have a list of two, four, six, eight, 10 names. Are any of those front-line staff who gave you those names on the same list as the statement you read on their behalf?

Mr. Trevor Kidd: Yes. The names that are on the list are names that were provided by more than one person. Most people who provide names would—

Mr. David Zimmer: No, no. The front-line staff who gave you this list of names—

Mr. Trevor Kidd: Yes?

Mr. David Zimmer: —can you give me their names?

Mr. Trevor Kidd: The front-line staff who gave me those names are the same people.

Mr. David Zimmer: What same people?

Mr. Trevor Kidd: The same people I have been talking about who do not want their names brought forward.

Mr. David Zimmer: Okay.

Mr. Trevor Kidd: The one other person I talked to on this issue was Trevor Harness. He provided names, but they were already names I had on my list.

Mr. David Zimmer: All right. So the people you read your statement on behalf of who don't want their names disclosed in turn had given you a list of two, four, six, eight, 10 names, and the names are: Jeff Carss—what does he do?

Mr. Trevor Kidd: I don't know what Jeff Carss' position is right now. He was the regional operations manager when I—

Mr. David Zimmer: The next name is Wade Durham. What does he do?

Mr. Trevor Kidd: I believe he is regional operations manager in Thunder Bay.

Mr. David Zimmer: The next name is Steve Farquhar. What does he do?

Mr. Trevor Kidd: He is head of operations, I guess.

Mr. David Zimmer: Jim Feeley—what does he do?

Mr. Trevor Kidd: I don't actually even know who Jim Feeley is. I don't actually know who several names on the list are.

Mr. David Zimmer: All right. Jim Feeley is somebody you don't know. Christina Howell?

Mr. Trevor Kidd: I don't know what her position is right now. She was in the HR department.

Mr. David Zimmer: Nancy Mulroney?

Mr. Trevor Kidd: I believe she's in the HR department.

Mr. David Zimmer: Bruce Sawadsky?

Mr. Trevor Kidd: He is the head physician. He was the person who looked at the aircraft.

Mr. David Zimmer: Rob Smith?

Mr. Trevor Kidd: I don't actually know who Rob Smith is.

Mr. David Zimmer: Lindsey White?

Mr. Trevor Kidd: I don't know who Lindsey White is.

Mr. David Zimmer: Sandra Wilkie?

Mr. Trevor Kidd: I don't know who that person is either.

Mr. David Zimmer: How do you feel about coming to the committee and giving us a list of names, some whom you know, some whom you don't know, a list you have compiled from anonymous sources, and then sitting there and saying, "These people should be fired"? Do you think that's fair?

Mr. Trevor Kidd: I was brought here to say how the air ambulance can improve. People I talked to said they don't feel it can improve as long as certain people are

there. I asked who those people were, because I suspected it would be asked, and I'm simply bringing those names forward.

Mr. David Zimmer: What would you think of this scenario? You're working someplace—it doesn't have to be Ornge—and the boss comes in to you and says, "I've got a document here from another employee who says you should be fired, but I can't tell you who that employee is and I really don't know much about that other employee other than they think you should be fired, so you're fired." Do you think that's fair?

Mr. Trevor Kidd: I don't think that would be a fair situation.

Mr. David Zimmer: Okay, so if it's not a fair situation, do you think it's fair that you come to us with a list of 10 names of people who should be fired that you have prepared anonymously?

Mr. Trevor Kidd: Ornge is an organization where millions of dollars have gone missing. Ornge is an organization where the staff I talk to say this organization is not yet on the right track. When I ask them why, those are names they bring forward. I'm not saying what has to be done with those people. I'm saying that the people I talk to say they don't feel this organization can move forward with those people still in the organization.

Mr. David Zimmer: Yesterday, in the legislative chamber, Lisa MacLeod, a PC member from the Ottawa area, in fact quoted many of the names on the list that I've just read out to you that you've provided us with today. Did you give this list to Lisa MacLeod or the PC caucus?

Mr. Trevor Kidd: I don't actually know who Lisa MacLeod is and I gave nothing to the PC caucus.

Mr. David Zimmer: Who else have you shared this list with?

Mr. Trevor Kidd: I haven't shared the list with anyone. Of course, Trevor Harness is someone who I've talked to, so I knew that he had a list of people as well.

Mr. David Zimmer: So Trevor Harness has this list?

Mr. Trevor Kidd: Trevor Harness I don't think would have that list, but I am of the understanding that he has a list.

Mr. David Zimmer: And would the names on Trevor's list be the same as the names on your list?

Mr. Trevor Kidd: I would assume there would be a fair amount of overlap.

Mr. David Zimmer: Okay. Let me read to you from some of Trevor Harness's—

The Chair (Mr. Norm Miller): You have two minutes.

Mr. David Zimmer: All right, thank you. Trevor said he was running an undercover investigative team of about 28 members. Did you know about that investigative team?

Mr. Trevor Kidd: I know that Trevor Harness has had an investigative team. I don't know anything about it.

Mr. David Zimmer: Did you know that Trevor Harness was of the view that Kevin Donovan, a reporter at the Toronto Star, and Paul Bliss, a reporter at CTV—at

least from Trevor Harness's point of view—were on his investigative team but they did not really know they were on his team?

Mr. Trevor Kidd: I've watched Trevor Harness's testimony. I can't speak for Trevor Harness. I can say that I sent information to Kevin Donovan and to Paul Bliss. I wasn't someone who initially contacted them. After initially contacting a couple of journalists, I waited until MPPs or journalists started talking about Ornge and then I would contact them. I was not running an investigative team, but my understanding of Trevor Harness was—

Mr. David Zimmer: Were you aware that Trevor Harness was using a series of at least three aliases?

Mr. Trevor Kidd: That's what I heard when he was here. I didn't use any aliases when I talked to people.

Mr. David Zimmer: Is that my two minutes, Chair?

The Chair (Mr. Norm Miller): You have one minute left.

Mr. David Zimmer: All right. How many employees at Ornge are you aware of that have filed grievances with their union about the issues at Ornge?

Mr. Trevor Kidd: I honestly cannot answer that. I haven't worked for Ornge for close to three years now. I assume that the union has been busy. I can't give any kind of answer to that.

The Chair (Mr. Norm Miller): And that is pretty much your time, so we'll move on. We'll have 10-minute sessions, starting with Mr. Klees. Go ahead.

Mr. Frank Klees: Thank you, Mr. Kidd. Don't be too concerned about Mr. Zimmer's grilling over there. I think that the point that Mr. Zimmer was trying to make is that obviously there must be some credibility to this list of employees who have been identified as individuals who perhaps are less than qualified, because they show up on a number of lists. I think that's the point. So I thank you again—

Mr. Trevor Kidd: I think what should be done is that they should send people to Ornge and ask the front-line staff who they are having problems with. As far as I know, there really hasn't been the kind of communication with front-line staff that they would like to have about how to move forward with the air ambulance in this province.

Mr. Frank Klees: That's what we understand, as well, and we're quite puzzled about that. What seems to be happening is that new people are brought in who have no experience in air ambulance, who are now being paid consulting fees, who have no prior knowledge or historical context of this organization. My understanding is that they're not connecting with the front-line staff. They're not asking the people who are actually delivering the service what has to be done to restore confidence in our air ambulance service. And at the end of the day, that's why we're here, to achieve that objective, quite frankly.

To that end, I'd like to ask you this: Of the people that you continue to have contact with who are paramedics and who are pilots, what are they telling you that they would like to see happen at Ornge?

0950

Mr. Trevor Kidd: The people who I talk to on a frequent basis had been quite hopeful in the early months of this year, and since then they really feel that nothing, you know, has changed and nothing will change in the long term. So they really feel that what we have is a situation where a couple of the high-level management were let go, but basically things continue to run in the same way, at least for front-line staff.

People I talk to generally say that as long as the helicopters are there—and these are helicopters that they just don't feel are in the long-term interests of this province. The fixed-wing, the Pilatus, they also don't think was an appropriate aircraft for this province, especially in the north. It's a single-engine aircraft. It's not quite as large as the previous aircraft were in the interior. So, for instance, in Sioux Lookout where you carry a lot of mothers who have just delivered, there's not enough room in the aircraft for both a patient and an incubator, which we always had room for before. Most people I talk to—I would say everyone I talk to simply believes that as long as Ornge still exists, the problems will still exist.

Mr. Frank Klees: Thank you.

You know, Mr. Moridi made reference to legislation and this whistle-blower protection clause that's in this legislation. I have it here, and I think we asked that a copy be given to you.

On page 4, under section 7.7, it refers to the whistle-blower protection. What's interesting about this piece of legislation is that it talks about providing whistle-blower protection to anyone who has disclosed information, and you see under subparagraph (a) anything that's been "disclosed to an inspector, investigator or special investigator in connection with a designated air ambulance ..." and then anything that's been "disclosed to the ministry...."

Isn't it interesting that what this whistle-blower protection excludes is anybody else? So there's no whistle-blower protection in this legislation to someone who happens to go to their MPP, someone who happens to go to a reporter, someone who happens to go perhaps even to their employer or a fellow colleague, and yet we hear that, lo and behold, we have this great whistle-blower protection in this document.

We wanted to get a select committee established here that would have had, as part of its terms of reference, very strong whistle-blower protection for people who you've referred to in your testimony, who are front-line employees who would like to come here, so that Mr. Zimmer wouldn't have to go on a fishing trip to determine or to try and undermine your credibility or that of anyone else who is coming here to say, "You know, we've talked to employees and front-line paramedics and pilots"—so that they could come themselves.

This government refused. Why did they refuse to give us that whistle-blower protection? Mr. Kidd, what we're concluding is they don't want to hear the truth. They don't want—and I think you are absolutely right. The conclusion, as you've drawn it, that employees have come to is that they're trying to minimize the political fallout. That certainly is what we're seeing.

So I just want to ask you this: Why are front-line paramedics and pilots and office workers at Ornge not willing to come here and talk to us? Why?

Mr. Trevor Kidd: Well, I think there's a couple of reasons. A lot of people had tried to get a lot of information out for a lot of years. I mean, information has come out in the last year, basically, but for a lot of years people had tried to get information out, and I think a lot of them have, for good reasons, become very weary of the way they've been treated in that situation. A lot of people tried to do a lot of things, contact a lot of people. None of it ever seemed to go anywhere, and every time they did that, they felt they were putting themselves at risk and the people who were close to them, work- or relationship-wise, at risk.

People, though, have said repeatedly that we need whistle-blower protection, and it needs to be strong whistle-blower protection. I'm not a lawyer; I don't know what other whistle-blower protection is out there. But this story got out there through people going to MPPs and through the media. If the whistle-blower protection is not going to protect people when they're doing that, then I don't really know what the point is.

I mean, people could go to the Ministry of Health—the Ministry of Health had a lot of information about things that were going wrong at Ornge. The Ministry of Health had to have known what happened in the land program for years and never did anything about it. They had to have known what was going on with the finances. They had a lot of information and—

Mr. Frank Klees: Are they afraid they'll lose their job?

Mr. Trevor Kidd: The people at Ornge?

Mr. Frank Klees: Yes.

Mr. Trevor Kidd: Absolutely.

Mr. Frank Klees: And to your point, this whistle-blower—

Mr. Trevor Kidd: And you have to remember: As paramedics, there is nowhere else for them to go in this province. So if there's a chance of them losing their job—I mean, it's not a case of, "Well, I can come forward here and just go work for somebody else." Ornge has made sure there's no competition in this province for people who are highly trained as paramedics.

Mr. Frank Klees: Mr. Kidd, you know, it's interesting: This whistle-blower protection has about five clauses that relate to anyone who gives the Ministry of Health information. The fact is, we have all kinds of evidence that employees brought information to the Ministry of Health at various levels. And guess what? The Ministry of Health did nothing. Apparently, you don't need whistle-blower protection if you give the Ministry of Health information, because nothing is going to happen anyway.

So the issue here—what we should have in this legislation are consequences to civil servants and managers of departments who don't respond to information that they get. That's what we need. We need accountability not only on the part of civil servants but on the part of the

Minister of Health, who also didn't do anything about the information that she received. So I think—

The Chair (Mr. Norm Miller): And you're on your last 30 seconds.

Mr. Frank Klees: I'll wrap up. I just want to say, Mr. Kidd, thank you for having the courage to come. It's extremely disappointing to see how you've been treated, not only by the previous management of Ornge—the fact that the current management of Ornge and the current Ministry of Health know your circumstances and the way that you have been treated, and that you have experienced financial loss as a result of that—and they leave you out there to fend for yourself—highly unfortunate.

The Chair (Mr. Norm Miller): Thank you very much, Mr. Klees. We'll move on to Ms. Gélinas.

M^{me} France Gélinas: I want to come back to what we were talking about before my turn ended. You touched a bit on it when you responded to Mr. Klees, that, basically, the Ministry of Health had a lot of info. They had info about the land ambulance. They had information about the financial transactions. So, what do you base those statements on?

Mr. Trevor Kidd: Well, we know from information that has come out. We know there were the 145 incidents that are currently being investigated by the coroner, or have been investigated by the coroner. I assume all of those had to go through the Ministry of Health.

The Ministry of Health knew where money was supposed to be going. They were the ones who, when Ornge didn't use \$8 million for the land program in 2008-09, allowed Ornge not to pay it back and to shift it wherever else they wanted to.

A lot of things had happened, and either the Ministry of Health was incapable of doing anything to stop Ornge from doing what they were doing, in which case I don't know what the Ministry of Health is there for, or they were capable of stopping what they had to have known was going on, in which case they knew something wrong was going on and did nothing when they could have.

M^{me} France Gélinas: I would say that I tend to agree with your analysis of the situation.

You've left in disgust in the fall of 2009. You were bound and determined that you were going to ring the alarm bell and let people know. One such way to reach out was through your father, who happens to be an elected official. Do you remember more details as to what time of the year—when did your father have an opportunity to talk to Malcolm Bates at the Ministry of Health, to talk to the other officials at the ministry, to talk to his MPP, who was also a member of the Liberal government?

1000

Mr. Trevor Kidd: He would have talked to David Ramsay probably in the spring of 2009 and then probably again a year later.

M^{me} France Gélinas: So spring of 2009 and spring of 2010?

Mr. Trevor Kidd: I would suggest that's probably accurate, yes.

M^{me} France G  linas: How about his conversations with some of the people at the Ministry of Health? You mentioned Malcolm Bates, you mentioned—sorry—

Mr. Trevor Kidd: Malcolm Bates would have been June or July 2011. Shedden would have been some time before that, because she directed him to Malcolm Bates, so probably not too long before that. Kevin Finnerty my father ran into at a conference sometime in the last maybe six months. He was sitting at the same table as him and started bringing up issues with Ornge. Kevin Finnerty asked my father to email him his concerns; my father did.

M^{me} France G  linas: So there was actually written correspondence where you father put in writing to Kevin Finnerty what he perceived as what was wrong with Ornge?

Mr. Trevor Kidd: I would say, especially with Kevin Finnerty, the information was already coming out about Ornge. I would say that he probably just discussed my specific situation with Kevin Finnerty.

M^{me} France G  linas: When was the date again that your father met with Kevin?

Mr. Trevor Kidd: It was sometime in the last six months. I can't say for sure.

M^{me} France G  linas: After it hit the papers or before?

Mr. Trevor Kidd: This was when it was in the papers, yes.

M^{me} France G  linas: After it had hit the papers. Okay.

Mr. Jagmeet Singh: Can I just jump in and ask you some questions about the land ambulance?

Mr. Trevor Kidd: Yes.

Mr. Jagmeet Singh: You indicated—and this is corroborated by page 26 of the Auditor General's report—that in 2006, \$9.4 million was given, and then a following \$13 million was given for 2007-08. The performance agreement was amended to allow this money to be used for ambulance transfer that's by land. You indicated that the money was used for nothing. It looks like the Auditor General also found some discrepancies. What can you add to that in terms of finding out what happened to the money?

Mr. Trevor Kidd: At the end of the 2007-08 fiscal year, it would have been almost \$23 million that Ornge had received for the air ambulance. They had only opened up Ottawa late in that second fiscal year. I think they had done 43 transfers or something at that time, so essentially, 43 land transfers for \$23 million at that time. The next year, according to the Auditor General, they received \$16.2 million. They spent \$8.2 million, but in the Ministry of Finance document, Ornge claims that they spent \$22.3 million that year. This is what they claimed to the government that the land service cost them in 2008-09, when according to the Auditor General they spent \$8.2 million. That's \$14 million that's out there in the middle of nowhere, as far as I'm concerned.

Mr. Jagmeet Singh: Do you have any first-hand knowledge about what was going on in terms of how many transfers were being done by land?

Mr. Trevor Kidd: Yes. In 2009 until I left—I was working in Peterborough—there were not a lot of land transfers being done. I mean, the land transfer program should have been implemented properly, and if it was used properly, it would do a lot of transfers and would be very cost-effective.

I don't think, actually, Ornge had really spent much money at all on the land transfer program. I think they claimed they had, but in reality, I don't think they spent more. It's not an expensive program to run. There's no aircraft; the fuel's not the kind of fuel costs we have; we don't have pilots who we're paying or aircraft engineers. These bases should be extremely efficient to run. Unfortunately, I don't think we have any idea how much it should have cost for the land program to run because we have had no idea of what the real numbers actually are.

M^{me} France G  linas: Where do you figure the money went?

Mr. Trevor Kidd: I have some ideas, but—

M^{me} France G  linas: Well, share them with us. I'll compare your ideas with mine.

Mr. Trevor Kidd: I think that some of the money, went to, well, things that the executives were interested in. We know that \$8.4 million was transferred out of Ornge into the Ornge Foundation charity, which then, I assume, was distributed to the for-profits in June 2008. That occurred at the exact time that a new Minister of Health was being put in place, and I think that Ornge, in my opinion, used that situation as an opportunity to transfer a lot of money through nefarious means, and at a time when the ministry was too busy to really pay attention to what was going on.

I think that after they delayed Windsor and only opened up Peterborough and Markham 12 hours, I think they held out the rest of the fiscal year to decide whether or not they were going to actually end up opening Windsor or opening Peterborough or Markham 24 hours, based on how much funding they were going to get for having this minimal land program. When they managed to get 70% of the original funding for 10 bases, for basically running two bases, then they knew that they had scored a lot of money. If it had been a situation where the ministry had said, "We won't give you more money unless you provide more services," then I think they would have opened those bases.

M^{me} France G  linas: Really. So the intent was really, "How much money can we get out of the government without the government asking us for accountability?" Once that money came in, they ran to the bank with it; they had scored big.

Mr. Trevor Kidd: I think that is what happened. I think when you look at the original land program, there were supposed to be land bases opened fairly early. They kept on delaying land base after land base and—

M^{me} France G  linas: Can you think of a valid reason why, except that you have an opportunity to fleece the taxpayer and bring money to intents that were not, through the rumour mills—you worked in that organization. I don't know. Did a tsunami happen that I missed

or something? Could there be a good reason why we did not open those land ambulances, except for the fact that they wanted the money but not to provide the service?

Mr. Trevor Kidd: My only explanation is that Ornge wanted this money. They needed money to get their international for-profit things up and running. That was a lot of money that they thought they could make. But they managed to—well, they didn't manage to, but they were attempting to start it without providing any of the capital.

As the sunshine list shows, after the Windsor base was delayed, Steve Farquhar got a \$96,000 raise. He was the person who was supposed to be in charge of this. Tom Lepine, who was also supposed to be in charge of this, got a \$106,000 raise. Jeff Carss and Christina Howell, who were also in charge of the land program in some manner, have both been promoted in some way since then. I think that they delivered what Ornge wanted them to deliver, which was basically nothing.

M^{me} France Gélinas: So what Ornge wanted them to deliver was for the Ministry of Health to transfer more of the taxpayers' money to Ornge so that they could pursue their for-profit venture?

Mr. Trevor Kidd: I would say for-profit ventures and other things, like the money for J Smarts and other things—motorcycles, that kind of stuff, yes.

The Chair (Mr. Norm Miller): You have 30 seconds.

M^{me} France Gélinas: As far as you're concerned, the base would have been useful, should have been open; the money was there to do this. And none of this happened, because the Ministry of Health looked the other way, continued to flow the money, and the money went to anything but robust, strong ambulance bases?

Mr. Trevor Kidd: Yes, and this has had significant consequences. I mean, five of the patients, or the victims, for the coroners' investigations are from Windsor, three of them children. It's an area of the province that is not receiving much for services and should have been receiving services and was entitled to it, and they were never given an explanation. According to the hospital and the EMS services down there, they were never told that this base was cancelled, simply that it was delayed.

The Chair (Mr. Norm Miller): We are out of time there, so we'll move to the government and Mr. Zimmer.

Mr. David Zimmer: How much time do I have?

The Chair (Mr. Norm Miller): You have 10 minutes.

Mr. David Zimmer: Thank you.

The Chair (Mr. Norm Miller): Go ahead.

Mr. David Zimmer: Look, I want to ask you a question about the responsibilities of a citizen, the responsibilities of an Ontario citizen like you, because when I sit back and reflect on your evidence, and I sit back and I reflect on the evidence of Mr. Harness, I'm struck by two things: one, your stated concern, and Mr. Harness's stated concern, about the safety of air ambulance care for seriously injured patients in Ontario. I get the sense, on the one hand, listening to you and Mr. Harness, that that is what is motivating you: to make sure that we have a first-class air ambulance service. Is that correct?

Mr. Trevor Kidd: Yes, that is part of the motivation.

Mr. David Zimmer: On the other hand, when we're trying to delve into this and figure out what went wrong, how we can fix it, who can give us information about what went wrong and so on, we hear from you and we hear from Mr. Harness. We get lists of anonymous people who want to tell us things, but you don't want to share those names with us. Mr. Harness doesn't want to share with us. You want to protect your sources.

1010

So my question to you as a citizen is this: When you're faced with this choice between doing what's best for the air ambulance service, fixing it and getting to the bottom of it, and yet you don't want to share some of that confidential information and confidential names who might help us with that and you opt to protect your source, do you think that's a bit selfish of you? Why wouldn't you give us your sources' names so that this committee, all members—Conservatives, NDP, Liberal—can really find out what's going on? Because it seems to me, when push comes to shove, your first loyalty is to your sources; your second loyalty is to the good health of the people of Ontario. How do you respond to that observation?

Mr. Trevor Kidd: My position is, people have told me that if the environment is created where people feel they can come forward, then people will come forward. I don't feel that I'm in a position to put forward people's names who brought me information at risk to themselves—some people who went against their spouses to provide information because they felt that information needed to get out there, but they knew they were putting their career at risk—

Mr. David Zimmer: And you'd rather put the risk of patients using air ambulance service ahead of those private concerns of yours?

Mr. Trevor Kidd: Well, as I said, provide the environment for people to come forward and people will come forward. Without the environment for people to come forward, I think what you're asking—

Mr. David Zimmer: All right. Let me address that point. You know that anything that you say here in front of this committee, you've got absolute immunity from. Do you know that?

Mr. Trevor Kidd: Yes.

Mr. David Zimmer: So nothing can happen to you as a result of anything that you tell us today, and nothing can happen to any of those anonymous people on your various lists and on Mr. Harness's list. Nothing can happen to them arising out of anything that they tell us when they're sitting in that chair. Do you know that?

Mr. Trevor Kidd: I know that, but I think that—

Mr. David Zimmer: You know that, do you?

Mr. Trevor Kidd: Yes.

Mr. David Zimmer: All right. So—

The Chair (Mr. Norm Miller): Let him respond, please, Mr. Zimmer.

Mr. David Zimmer: All right.

Mr. Jagmeet Singh: Chair, I just have an issue. It's a bit of a misstatement of immunity. Immunity doesn't work that way. If people's names are provided, their employer might do something. We can't protect against their employers doing something. If their names are presented, the public may do something. Immunity doesn't work that way. I think there's a bit of a misstatement in terms of comments about immunity.

The Chair (Mr. Norm Miller): Thank you for that clarification.

Continue with your question—

Mr. David Zimmer: Thank you. I gather from your evidence that most of your anonymous names are members of a union.

Mr. Trevor Kidd: Most, but not all, yes.

Mr. David Zimmer: All right. And they've got all the protections that unions provide. In fact, you've been through a mediation and arbitration and grievance yourself.

Mr. Trevor Kidd: I haven't been through the process yet, but the process is under way.

Mr. David Zimmer: You know how the system works?

Mr. Trevor Kidd: Yes.

Mr. David Zimmer: So you've got protections here at this committee. You've got protections in your workplace through your union. So given all of those protections, I don't understand why, on the one hand, you and Mr. Harness say that your principal concern is the safety of Ontarians using air ambulance, and yet when it comes to disclosing your anonymous sources, you opt to protect them.

Mr. Trevor Kidd: The situation is that we have created an entity, Ornge, which controls people's certification, which is their employer, which is their educator. Ornge controls every aspect of that, things that used to be separate. So their careers are dependent on many facets within Ornge, and they feel that their positions are at risk.

Mr. David Zimmer: And their careers trump the safety of Ontarians who are going to use—they'd rather protect their careers than help us root out the causes of the difficulties at Ornge.

Mr. Trevor Kidd: Well, as I said, most of them don't have a lot of confidence that what is being done is to root out everything at Ornge. Most of them feel that what has been done is to make just enough changes that they can get by and say, "There were some small problems with Ornge. They were fixed."

Mr. David Zimmer: The report that you prepared, the 25-page-plus document you gave Mr. Klees: Are there names in that report?

Mr. Trevor Kidd: Names of sources? No.

Mr. David Zimmer: I also want to confirm what you said in your evidence: that you will email to the clerk the report, or the document of some 25 pages, that you sent to Mr. Klees.

Mr. Trevor Kidd: It was probably 24 or 25 pages.

Mr. David Zimmer: All right.

Just bear with me for a second here.

The Chair (Mr. Norm Miller): You have three minutes.

Mr. David Zimmer: Have you worked with Mr. Blum?

Mr. Trevor Kidd: Mister who?

Mr. David Zimmer: Blum.

Mr. Trevor Kidd: I don't believe so.

Mr. David Zimmer: Do you know who Mr. Blum is?

Mr. Trevor Kidd: No.

Mr. David Zimmer: All right. Thank you.

The Chair (Mr. Norm Miller): Other questions? Okay. Thank you very much for coming before the committee this morning. We appreciate you taking the time to do so.

Mr. Trevor Kidd: Thank you.

The Chair (Mr. Norm Miller): We are recessed until 12:30.

The committee recessed from 1020 to 1232.

MS CINDY HEINZ

The Chair (Mr. Norm Miller): I'd like to call this meeting to order and welcome our witness for this afternoon: Cynthia Heinz. Welcome.

Ms. Cindy Heinz: Thank you.

The Chair (Mr. Norm Miller): Just to confirm, you've received a letter with information about a witness testifying before the committee?

Ms. Cindy Heinz: Yes.

The Chair (Mr. Norm Miller): Okay, very well. Our clerk will have you swear an oath or an affirmation.

The Clerk of the Committee (Mr. William Short): Ms. Heinz, do you solemnly swear that the evidence you shall give to this committee touching the subject of the present inquiry shall be the truth, the whole truth and nothing but the truth, so help you God?

Ms. Cindy Heinz: I do.

The Clerk of the Committee (Mr. William Short): Thank you.

The Chair (Mr. Norm Miller): Very well. You have some time, about six minutes, for an opening statement if you want to go ahead and do that.

Ms. Cindy Heinz: Thank you.

Good afternoon. My name is Cindy Heinz. I'm a lawyer. I was called to the bar in Ontario in 1993. For most of my career, except for eight months, I was an associate and then a partner at the international law firm Fasken Martineau DuMoulin. I was a member of the health law practice group at Fasken's and worked with hospitals, charities and other clients in the health sector.

In June 2011, I left Fasken's and went to work as general counsel at Ornge. Ornge has been a client of Fasken's since 2002. Fasken's was counsel to Sunnybrook Hospital at the time. As a result of that role, I received a call from Dr. Mazza, who was medical director of the Ontario air ambulance base hospital program. The base hospital program was operated out of Sunnybrook. Dr. Mazza needed my assistance with a number of

contract issues related to the base hospital program, which is regulated under the Ontario Ambulance Act.

Commencing in 2003, Fasken's assigned me the role as billing lawyer for Ornge. This meant that I was responsible for the legal accounts rendered to Ornge, and all of the invoices were issued by me. This also meant that a majority of requests for legal work came to me from the executives at Ornge, and then a decision would be made as to whether other lawyers would do the work or I would do the work myself. This depended on the nature of the work and the expertise required, be it tax, banking, structuring, intellectual property, charities, privacy, government relations or general corporate work. The lawyer who handled the particular piece of work would be known as the responsible lawyer for that work.

In early 2007, Alfred Apps became involved in Ornge work. For the most part, he received his instructions directly from Dr. Mazza. He was the responsible lawyer for the legal work associated with the following: the financial statement consolidation; the Standard and Poor's rating; the 2009 bond transaction; the establishment of the Ornge Issuer Trust; the request for proposal, negotiation and purchase of the AgustaWestland aircraft; the request for proposal, negotiation and purchase of the Pilatus aircraft; the establishment of the Ornge Global structure; the credit lease transaction; and the briefing of the government in January 2011 regarding the structuring of the for-profit businesses.

I did not act as the first point of contact for these matters, but I did render the accounts for the work done on these matters.

On two occasions, I was seconded to Ornge to assist it with legal matters. The first secondment was in February 2005 to help with the divestment of the air ambulance program from the government. There was a great deal of legal work expected, and I was seconded to Ornge at a flat rate to minimize costs.

I spent approximately six months at Ornge before returning to Fasken's in September 2005. During that secondment, I worked with a team from Ornge and a representative from the government conducting due diligence on contracts being assigned to Ornge and assets being transferred to Ornge by the ministry. I also helped draft and negotiate the performance agreement.

The second secondment occurred in November 2009 through to June 2010. Dr. Mazza approached me about the secondment because his in-house legal counsel at the time was on sick leave. I spent approximately 15 hours a week at Ornge, providing general counsel services, primarily contract drafting.

On June 14, 2011, I started as general counsel at Ornge after I resigned from Fasken's. During my time at Ornge, I worked on various matters for the Ontario business, including the internalization of the rotor wing services, as well as the following for the international businesses: a joint venture with Synergy Group out of Brazil; the AirMed transaction; the second marketing services agreement with AgustaWestland—this was known as the joint global marketing services agreement

and was between Ornge and AgustaWestland in Italy; a letter of intent with Bombardier; and the 2011 offering memorandum for potential third party investors in Ornge Global limited partnership.

I was not involved in the MNP report, which was commissioned by the Ministry of Health in 2008, nor was I involved in providing information directly to the Auditor General's office.

With regard to the transactions involving Agusta Aerospace Corp. out of Pennsylvania, I did not provide legal advice regarding the aircraft purchase agreement, dated March 27, 2008. While I did provide legal advice to Maria Renzella and others at Ornge regarding the terms of amendments 2, 3 and 4 to the aircraft purchase agreement, I was not involved in negotiating the technical or financial terms of those amendments. At all times, I believed that Ornge Issuer Trust paid fair market value for the upgrades to the helicopters.

When I was a lawyer at Fasken's, our advice was that Ornge Issuer Trust could not pay more than fair market value for any purchases from Agusta Aerospace. Management repeatedly assured us as counsel that they understood our advice and that they were paying fair market value for the upgrades.

I was also involved in providing legal advice to Ornge regarding the first marketing services agreement, the one between Agusta Aerospace and Ornge Peel. At all times, I understood that the financial terms of the agreement were negotiated at arm's length between the parties.

I have brought some documents that may assist the committee in understanding the advice that Fasken's gave relating to the agreements involving Agusta Aerospace. I have also brought copies of my statement for the committee.

I am no longer employed at either Ornge or Fasken's.

I'm happy to now take your questions.

The Chair (Mr. Norm Miller): Thank you for your statement. The NDP will have the first opportunity to ask questions. You have 20 minutes to ask questions. Who would like to go first?

M^{me} France Gélinas: I guess I'll go first.

Thank you for coming today. I guess, like everybody else, you read the papers, and I'm just wondering if you have been following what has been happening with this committee, if you have read any of the briefings or if you read the Auditor General's report.

Ms. Cindy Heinz: With respect to the Auditor General's report: I had left Ornge, and then the Auditor General report came out after that. I haven't had a chance to read the report in great detail. I did read the summary of the Auditor General's report.

1240

M^{me} France Gélinas: Okay. All right. In your statement you just read today into the record, you make a point of saying that your work on the second marketing agreement was different from the advice that you provided on the first marketing agreement. Can you expand a little bit as to what you had to do with both of them and how they were different and how they came to be?

Ms. Cindy Heinz: The first marketing—we're talking both marketing services agreements?

M^{me} France Gélinas: Correct.

Ms. Cindy Heinz: Okay. The first marketing service agreement, I was asked to look at a few legal issues and document the deal that was negotiated between the parties. I was not involved in any of the negotiations on the first marketing services agreement. Rick Potter dealt with all of the negotiations on the technical aspects, the operations. Maria Renzella dealt with Agusta on all of the financial issues. Mr. Potter indicated what he needed operationally; she negotiated the finances of that; and then they asked me to document the negotiation that they had—the arrangements between them and Agusta.

On the second agreement: I had just started at Ornge in June. In July, Dr. Mazza and two other people had gone to Italy and came back with a draft agreement. I think what they had done was use the template for the very first one. The first agreement was with the Pennsylvania corporation. The second one was with the Italian corporation. I think the Italian corporation was the parent of the Pennsylvania corporation. They had gone to Italy and negotiated an agreement, and I think what they had done was they took the first agreement and used it as a template.

They came back and said, "The deal has been done. There are just a few legal issues that we need you to review." And one of them was what happens in the event where there's a disagreement, so arbitration. The other issue had to deal with jurisdiction. If there was some sort of a disagreement, what jurisdiction, what law, would take precedent? Would it be the Italian or would it be Ontario law? There were just a few legal issues that they wanted me to look at, and then I was involved in speaking to counsel in Italy and trying to get those resolved.

M^{me} France Gélinas: You stated that—okay, we'll take them one at a time. During the first agreement, you were looking at a few legal issues of the document, of the deal, that was done with Pennsylvania. Now that you've read the papers—when did you become aware as to where the money was coming from?

Ms. Cindy Heinz: For the first agreement?

M^{me} France Gélinas: Correct.

Ms. Cindy Heinz: For the first agreement, we always thought—and when I say "we," the lawyers at Fasken's understood that that marketing agreement was a separate, arm's-length transaction because of the advice that we had given them when they first came to us. I'd like to refer you, if I may, to tab 2 of the document, the binder, that we just handed out.

M^{me} France Gélinas: Yes.

Ms. Cindy Heinz: So, when we were asked for some advice, it's important to note that at that time—and you'll see it's January 15, 2010—we were told that there were penalty payments owed to the trust because some of the aircraft were late. There were delays and they hadn't met the timelines.

In tab 1 in this binder—we had just put in certain pages for the aircraft purchase agreement. You'll see,

under tab 1, that there's a provision that talks about inexcusable delay. It's paragraph 5.5. If you see there, it says what happens when there is a delay, and there's a maximum penalty of \$160,000 per aircraft.

At the time, what we had understood was that there had been delays and they had penalties that were owing. There were also some credits. They had come to us and asked us if they could take that money and have AgustaWestland pay it over to the foundation so that they could use that for their other ventures.

If you see here in this email from Lynne Golding to myself—

Mr. David Zimmer: Which tab, please?

Ms. Cindy Heinz: Yes, sorry. Tab 2.

We set out very clearly our advice to them, which was that they couldn't take the money, be it the credits or any of the penalties, and give it over to another corporation. If you do that, you're depriving the trust of value, right? That's for the trust. The bondholders had made investments into that trust. You cannot do that. You have to keep whatever you're doing completely separate.

We made it very clear to them that if they didn't want the cash, then they would have to use that money. The penalties and the credits could be used as a set-off, then, for any upgrades that they were going to receive. But we made it very clear—very clear—to them that OIT was to get the full benefit of the credits and the penalties.

If you look at Ms. Golding's email to me—and what you need to understand is what I did with this when I got it. When I got this email, it was part of the time when I was working 15 hours at Ornge. Ms. Renzella was away at school, so I sent this to my Ornge email account, and when she got back, I forwarded it to her. Then she and I sat down with this document and went through it very carefully, she and I. Then, when I didn't know if she absolutely understood what I was saying—

Mr. Frank Klees: Like us.

Ms. Cindy Heinz: Pardon?

Mr. Frank Klees: Like us.

Ms. Cindy Heinz: You don't understand what I'm saying?

Mr. Frank Klees: I'm having a hard time. But go ahead.

Ms. Cindy Heinz: Sorry.

Interjections.

The Chair (Mr. Norm Miller): Let the witness—

Ms. Cindy Heinz: I'm trying to explain—

The Chair (Mr. Norm Miller): Please don't interrupt the witness.

Mr. Frank Klees: I apologize.

The Chair (Mr. Norm Miller): Go ahead.

Ms. Cindy Heinz: I then printed this out and I sat down with Ms. Renzella and we went through it. Then we called Ms. Golding and I had Ms. Golding explain it again so that Ms. Renzella understood exactly what it was that we were trying to say.

I don't know if you want me to read this, but I will just point out to you, in particular, paragraph 1. It said, "It is important that the arrangements with Augusta and the

foundation not deprive the trust of assets/value that it would otherwise be entitled to. If the arrangements did deprive the trust of value, and the trust in the future found itself in default to the bondholders, the bondholders could have recourse to those who authorized these transactions, among others. To be sure that the transactions do not deprive the trust of value, the following two things should occur:

“(a) the trust should receive upgrades with a minimum fair market value equal to \$1,920,000 ... for which it pays nothing.”

That’s \$1,920,000. Again, at that time, we thought that all 12 helicopters were going to be delayed and Agusta would be paying a \$160,000 penalty. That was not the case at the time, but that was our understanding as we were writing this email.

“(b) the trust should not pay more than fair market value for the upgrades it is required to pay for (whether by paying with new cash or applying the credit notes it had already bargained for).”

“2. In order to be certain that this is the case, Ornge needs confirmation of the fair market value of the upgrades. This is likely not the list price. A proxy for fair market value may be the list price less the same discount rate that Ornge was able to negotiate when it struck the original deal.”

1250

Then she goes on to say, “I have stated the minimum fair market value of the ‘free upgrades’ at 1.92 million rather than 400k, because I understand that if it were not for the amendments now being negotiated, Agusta would ultimately be required to pay a penalty ... of \$1.92 million. So that is the amount that the trust is giving up by agreeing to enter into the” amendments. “It is true that arm’s-length parties will sometimes waive such fees without getting full value for doing so. The trust could do so in this case too if it considered it to be commercially reasonable but not where there is also a contemplation of a gift being made to the foundation or another Ornge entity.”

Then she goes on in paragraph 4.

M^{me} France Gélinas: So you know full well what they had intention to do with the money, because it becomes clear that the advice is being given because they understand that Ornge is about to take money that should be coming to the trust. They want to pursue their other venture, their international venture, so they want to bring that money under a different corporation. Your advice is, “You shouldn’t be doing this, because you are depriving the trust of value. If you are to do this, basically here are the two things that need to occur.”

So everybody knows full well what they have intention to do, and everybody knows full well that what they had intention to do actually happens, because the money does get transferred and the marketing agreement does get written up.

Ms. Cindy Heinz: No, that’s not what I’m saying. That’s not what we knew. What we knew was that they wanted to take this money from the upgrades—sorry, the

credits and the penalties—and give it to the foundation. We said, “You cannot do that, whether it’s the foundation or any other one of those Ornge entities. You cannot take from Peter to pay Paul.”

M^{me} France Gélinas: I fully understand that you told them that they could not, but you knew what they had intention to do, because you told them, “No, you cannot do this.”

Ms. Cindy Heinz: Right.

M^{me} France Gélinas: And you also know what they actually did with your advice, which is, “Thank you for your advice but we’re going to move ahead with what we had intention to do anyway.”

Ms. Cindy Heinz: No. They told us that what they had done—they constantly assured us—

M^{me} France Gélinas: Who is “they”?

Ms. Cindy Heinz: I was dealing at the time with Maria Renzella. I was told in no uncertain terms several times that she understood our advice and that she was speaking to AgustaWestland to get the fair market value of the upgrades.

This process took quite a few months, and I didn’t quite understand why it was taking so long. They were going back and forth with numbers, and she said she was working on getting the fair market values. I said, “Make sure you get them in writing. You should find out what other people are paying for these upgrades.” So at all times, we understood that they were paying fair market value for those upgrades.

M^{me} France Gélinas: And you understood this because Maria told you?

Ms. Cindy Heinz: Several times. Several times.

M^{me} France Gélinas: Okay. So there is information that comes to you in the way of Maria talking to you. There is also information that comes to you—you have eyes. You can see that what they had intention to do is what actually happened. I fail to see—how come I can see this but you can’t?

Ms. Cindy Heinz: What information is coming to me?

M^{me} France Gélinas: The information you’re just telling me, that Maria fully understands your advice and your advice is, “You’re not allowed to do this.”

Ms. Cindy Heinz: Yes.

M^{me} France Gélinas: Maria fully understands and she tells you that she fully understands that they’re not allowed to do this, but they go ahead and do it anyway.

Ms. Cindy Heinz: They didn’t go ahead and do it anyway. They went and they did a services agreement, which was contemplated by the original purchasing and sale agreement. They entered into what we thought was a separate, arm’s-length transaction. As long as they were paying fair market value for those upgrades, this was a separate transaction with the marketing services agreement. They were arm’s-length parties, and Agusta could pay whatever they wanted for these services.

I was told that they were going to be doing this research because they were doing this new business, they were hiring people at the time, and that Agusta wanted to

enter into a new market. They were entering into a transport medicine market, and they thought that Ornge could assist them.

M^{me} France Gélinas: Sitting here, it looks like you drank the Kool-Aid. They are telling you that this is what they want to do with this money. You tell them, "You're not allowed to do this. It is illegal." They come back with this marketing agreement, which Ornge has never been into, has never provided. He hired his girlfriend to do the work and the daughter of another executive of Ornge to do the work. And you think that everything is just fine, that they are following the letter of the law?

Ms. Cindy Heinz: I had no indication that anything was amiss. If I had any indication that something was amiss, I would have gone to my managing partner; I would have gone to the board. And if they still wanted to proceed, we would have withdrawn.

I can assure you that there was no way I would put my reputation, my family, at risk for this.

M^{me} France Gélinas: Do you feel that your reputation is at risk now?

Ms. Cindy Heinz: Absolutely.

M^{me} France Gélinas: What went wrong?

Ms. Cindy Heinz: What went wrong? He—

M^{me} France Gélinas: Mr. Mazza?

Ms. Cindy Heinz: Dr. Mazza wanted too much, too fast. He was very bright. He was a visionary. I really believe that Dr. Mazza's primary motivation was to have a world-class system in Ontario. He wanted to expand it globally. He got ahead of himself.

In the process of creating this vision, he made a lot of enemies. I think he forgot the stakeholders, and he made a lot of enemies. And within that corporate office, there was a lot of fear. It was a combination of things, and there are a lot of people who are suffering as a result.

M^{me} France Gélinas: You're one of them—

The Chair (Mr. Norm Miller): Do you want to take a couple of minutes to compose yourself? We'll take a two-minute recess.

The committee recessed from 1259 to 1302.

The Chair (Mr. Norm Miller): We're back in session. You have a minute and a half left in this round, Ms. Gélinas.

M^{me} France Gélinas: I have a minute and a half left. The questions will come to me again.

You were one of the persons who got hurt in this—I will call it—fiasco at Ornge. When did you realize that your good reputation, your family, your integrity were at risk?

Ms. Cindy Heinz: It was the day after Labour Day when the CTV story came out from Paul Bliss. I had taken the day off to get my kids ready to go back to school. I had received a call to watch the television, and that was the first time I had heard about the kickbacks and all of the operational issues that were going on. I had no idea about the problems with the interiors of the aircraft. I think it was at that point in time that I got worried when I heard the interviewer—the investigation of Paul Bliss.

M^{me} France Gélinas: So when did you leave Ornge?

Ms. Cindy Heinz: It was February 16 this year.

M^{me} France Gélinas: This year. Thank you.

The Chair (Mr. Norm Miller): Thank you. We'll move on to the government. Who would like to ask questions here? Ms. Sandals.

Mrs. Liz Sandals: Thank you for appearing here for us today. I'm going to give you a packet of documents. Earlier this week, we received a copy of Fasken Martineau's billing statements for the legal services provided to Ornge and its related entities. Obviously when you look at that, it's clear, as you said, that you were one of the lead lawyers at Fasken's on the Ornge file right back to January 2003. You mentioned that Fasken's began acting for Ornge in 2002, but in fact the first thing that we see is what I've given you here, which is starting back in January 2003, but what you're seeing there would reflect the work that your firm billed for in 2003.

Ms. Cindy Heinz: Yes.

Mrs. Liz Sandals: It would appear, at least from the billings we've seen—and you indicated they might go back further, but at least from the billings that we've had access to, Fasken's was doing work on this file and you personally were doing work on this file during 2003 for certainly the nine months in 2003 prior to the October election, so during the time when Premier Eves was the Premier of Ontario, so during the Conservative government.

During that time, Tony Clement was the Minister of Health; correct?

Ms. Cindy Heinz: Yes.

Mrs. Liz Sandals: Could you then explain to us, during this period during 2003, January through early October 2003, what position you held at Fasken's at the time?

Ms. Cindy Heinz: You mean, was I an associate or a partner? Is that what you mean?

Mrs. Liz Sandals: Yes, and particularly with respect to this file, so both of those. What position did you hold in the firm, and what position with respect to this file?

Ms. Cindy Heinz: I was an associate, and I think I had just become a non-equity partner in maybe February or March of that year. It was either that year or the following year.

With respect to this file, the file had come in in 2002; it was brand new to the firm. But I think in 2003 they had switched over and opened up a new file. Instead of Sunnybrook, it was now Ontario air ambulance, and they assigned me the role of billing lawyer because I had had probably most of the contact initially with Jacob Blum and a few others at Ornge.

Mrs. Liz Sandals: Okay, that's fine. Given your position as a new non-equity partner, you would have reported to a more senior partner?

Ms. Cindy Heinz: Well, what we did is we have a group. It's our health law group.

Mrs. Liz Sandals: And who headed that?

Ms. Cindy Heinz: Lynne Golding.

Mrs. Liz Sandals: Okay.

Ms. Cindy Heinz: I would talk to her about things that were happening, and there were other people, other more senior people, in the group. It wasn't like reporting. We all worked together, and you always asked for—

Mrs. Liz Sandals: She would have been one of the more senior partners in the group.

Ms. Cindy Heinz: Yes.

Mrs. Liz Sandals: Thank you. I'd like to go back to thinking about 2003, because you're quite familiar with the file. How was Ontario's air ambulance service organized at the time? When you started to work with OAA or Ornge, whichever you want to call it, how was it organized at that time?

Ms. Cindy Heinz: My understanding from what I had learned mainly from Jacob was—he referred to it as a siloed system. There were many different entities providing the service, but there was no one real line of accountability. At that particular time, and I am going from memory, the pilots and the medics were employed by the air providers, the dispatch was employed by the ministry, the base hospital was under Sunnybrook—who am I missing? The medics, the pilots, the dispatch—I think another area of the ministry was doing all of the billings.

Mrs. Liz Sandals: Okay.

Ms. Cindy Heinz: So there were a number of different players involved at that time.

Mrs. Liz Sandals: And what becomes clear when you look at the early dockets is that Fasken's seems to be hard at work addressing the issue of building a new corporate structure. There's a lot of conversation about corporate structure for air ambulance services. Is that correct?

Ms. Cindy Heinz: Because they wanted to be their own entity. They were a program or a division of Sunnybrook and Women's, so at that time, they were looking to try and determine what the best structure would be for them.

Mrs. Liz Sandals: Okay. And Fasken's is involved in that. So why would it be Fasken's that was busy sort of designing and working on what the new corporate structure should be and not the Ministry of Health?

Ms. Cindy Heinz: Well, the Ministry of Health wasn't—I can't speak to that, but the Ministry of Health wasn't our client; it was this Ontario air ambulance that came to us. I think what they were trying to do was have a few options so that they could present to the ministry to get them on side and see which option they would prefer.

Mrs. Liz Sandals: So they're having Fasken's explore the possibility of various corporate structures. At this point, then, are you aware of what was the preferred corporate structure that Dr. Mazza said you were trying to get to?

Ms. Cindy Heinz: No. I was mainly dealing with Mr. Blum—

Mrs. Liz Sandals: And how would he have expressed where you were trying to get them?

Ms. Cindy Heinz: Well, it really wasn't—what we were looking at, at that point in time, was, would it be a crown? Like, there were other structures that were being

looked at. Would it be a crown corporation, would it be a not-for-profit, would it be a charity? I recall having conversations with Mr. Blum about a crown corporation. What he was doing was—we were providing him with the advice, he was liaising with the ministry, and I remember him coming back and saying, "They've settled on a not-for-profit corporation."

1310

Mrs. Liz Sandals: Which leads perfectly into my next question. If you could look at the docket on page 1, dated January 14, 2003—this is actually the docket of Elena Hoffstein—and the description of the time card there is "meet with Cindy Heinz to discuss compensation of directors and funding activities of the corporation."

Firstly, do you recall what issues were in play when you were talking about director compensation? What does that refer to? What was the issue?

Ms. Cindy Heinz: The issue was if you were looking at not-for-profit or a charity, then there are certain rules about whether directors of charities could be paid for their time as directors.

Mrs. Liz Sandals: And why would that be an issue?

Ms. Cindy Heinz: I believe they wanted to be able to pay their directors remuneration for the time that they were going to be spending on work, on—

Mrs. Liz Sandals: So at that point, were there already particular people they had in mind to appoint as directors—

Ms. Cindy Heinz: In 2003?

Mrs. Liz Sandals: —or particular compensation levels?

Ms. Cindy Heinz: No, I don't recall that. We're fairly new at this point. We're more or less just looking at different kinds of corporations—for-profit, not-for-profit, charity, not charity—

Mrs. Liz Sandals: Are you aware that eventually, it has come out that Rainer Beltzner, who did become the chair of a non-profit corporation, was being paid \$200,000 a year?

Ms. Cindy Heinz: Yes. I heard that. I was not aware of that at the time. I knew Mr. Beltzner was being paid something—

Mrs. Liz Sandals: Given your advice that he could be paid?

Ms. Cindy Heinz: What we had—it was advice that—we had done a very lengthy memo to them on director compensation. I don't have it, but it was authored by Ms. Golding and it basically said that the amount of money to be paid to directors of not-for-profits and charities should be very slim. You know, it's not a lot of money. So it would be more akin to a per diem that the local integrated health network directors would be receiving.

Mrs. Liz Sandals: And then the other part of this is the funding activities of the corporation. What on earth were they contemplating when they asked you to look very early on in the game here at funding activities for this corporation?

Ms. Cindy Heinz: As far as I can recall, they had always had in their mind that they wanted to be able to get donations from the patients and the families of patients—the patients that they helped. When Jacob had initially come to Fasken's, he talked about this model that was out west—it was the STARS model—and how everyone in Alberta, I think it was, felt that they owned this air ambulance system. There was an issue that Ontarians didn't appreciate that the government provided this service and they wanted the people of Ontario to feel proud of the service and want to donate to the service.

Mrs. Liz Sandals: But as early as January 2003, Jacob and presumably Dr. Mazza were already thinking about sources of funding other than transfer payments from the government.

Ms. Cindy Heinz: I believe that they had gone—that was one of the things, that they went to the ministry and said, “You know, if we do this, then we can have a foundation like a hospital foundation. We can get other revenues from the foundation, which would lessen the burden of the ministry.” That was the theory at the time.

Mrs. Liz Sandals: Could you look at page 2 on a docket dated January 17? This is one of your dockets, about the middle of the page. It says, in part, “conference call with C. Mazza, J. Blum and E. Hoffstein re: structure of new corporation and utility of separate foundations....” What was that related to? Again, why, at this point, thinking about setting up separate entities?

Ms. Cindy Heinz: I don't know if I can elaborate much more, other than that they were looking at other ways to generate revenue, to get more revenues into the program.

Mrs. Liz Sandals: So, again, they were thinking about how to generate more revenue.

Same page, page 2, dated January 20; again, one of your dockets, and you've got “Meeting with Elena Hoffstein re: structure of new corporation....” What happened there? Any other—

Ms. Cindy Heinz: Nothing of—

Mrs. Liz Sandals: So carrying on with the same?

Ms. Cindy Heinz: Yes, I think we were continuing on with the same conversations. I'm not recalling anything different or significant.

Mrs. Liz Sandals: Okay. Back at this time you were doing this work, was there any contemplation at this time that this new corporate entity would have spinoff entities? Were you thinking that this new for-profit would somehow have spinoff entities at this point?

Ms. Cindy Heinz: In 2003? I don't think so.

Mrs. Liz Sandals: Could you look at page 3, then, and January 22? This one is Lynne Golding. She references a meeting with Cindy Heinz and Guy Giorno re: the structure of spinoff entity. This sounds to me like there is a conversation about “What are the spinoff entities to this corporate structure?”

Ms. Cindy Heinz: No, the spinoff entity is the spinoff from Sunnybrook, from the way I'm reading this and knowing what was transpiring at the time. It's the spinoff from Sunnybrook, the program, into a new corporation.

It's not, “We already have the corporation,” and we're looking at—we don't even have a corporation in 2003, a separate corporation yet. That Ontario air ambulance services company wasn't incorporated until 2004.

Mrs. Liz Sandals: When you look at these dockets from January 2003 up until October, what you actually do see is that Fasken has logged an incredible amount of time. There are 30 pages of dockets that I've given you there, during that time. It looks like over 600 hours were logged. Who was paying for this? It wasn't being billed to Ornge. Who were you actually billing?

Ms. Cindy Heinz: In 2003?

Mrs. Liz Sandals: Yes.

Ms. Cindy Heinz: I think we were billing the program. I don't think we were billing Sunnybrook, per se, anymore but we were billing the program.

Mrs. Liz Sandals: Who funded the program?

Ms. Cindy Heinz: The ministry.

Mrs. Liz Sandals: So the ministry was funding the air ambulance program at Sunnybrook to provide the air ambulance base hospital, but the money that the ministry was providing to fund the base hospital was then going on to Fasken's to do all this legal work to set up something or do something.

Ms. Cindy Heinz: That's my understanding—

Mrs. Liz Sandals: So the Ministry of Health was indirectly paying Fasken's.

1320

The other thing that stands out when I look at all of this is that there are a number of individuals who obviously have very high-profile Conservative connections—at this point, we've got Guy Giorno, Jacob Blum, Kevin McCarthy—and it is also quite clear from the dockets that you're not just doing contract work; you're also doing lobbying or government relations. There are all kinds of references to government relations.

Ms. Cindy Heinz: I believe Mr. Giorno and Mr. McCarthy registered as lobbyists at that time, so that was my understanding: that both Mr. Giorno and Mr. McCarthy did register as lobbyists in 2003.

Mrs. Liz Sandals: So the Ministry of Health thinks it's paying for air ambulance services, but part of what was going for air-ambulance-based hospital services is not only going to Fasken's to do contract work; it's also going to Fasken's to do government relations and lobbying work, to lobby the same government that is paying for this to set up a structure that Dr. Mazza wants. Do you see anything circular about this arrangement?

Ms. Cindy Heinz: I see it circular the way you describe it; I can't confirm that's the way it happened. If it did happen that way, the best thing to do would be to ask somebody in the finance department at Ornge as to how they paid for those bills at that time. I don't want to speculate.

Mrs. Liz Sandals: Because I must say, looking back on this, is it possible that the firm—so we've got Ms. Golding, who's obviously the wife of the Minister of Health; we've got Mr. Giorno, who used to be the chief of staff to Premier Harris. We've got this lobbying, and

there seems to be this financial opportunity: “How can we create more revenue?” You’ve got to admit that this is a very suspicious-looking organization that we’re looking at here.

The Chair (Mr. Norm Miller): You have about 30 seconds left.

Ms. Cindy Heinz: From our understanding, it was all to improve the system. My understanding: There was a report that said that the system was fragmented; there was a coroner’s inquest that said there were problems within the system. They were trying to make the system a better system, which is what I believe the primary motivation was.

The Chair (Mr. Norm Miller): Thank you. We’ll move on to the opposition: Mr. Klees.

Mr. Frank Klees: Thank you, Mr. Chair.

Ms. Heinz, we have a serious issue here, and that relates to the total contradiction between what we’re hearing from you today with regard to your understanding of the marketing services agreement and the very clear testimony of three other witnesses before this committee. Have you read the testimonies of Mr. Rothfels and Mr. Potter?

Ms. Cindy Heinz: Yes.

Mr. Frank Klees: You will be aware that both individuals who were very intimately involved with the negotiations with Agusta related to this marketing services agreement—both were very familiar with the details and both have contradicted your testimony today. You’re aware of that?

Ms. Cindy Heinz: I do not agree with Mr. Potter’s testimony, nor do I agree with Mr. Rothfels’s testimony, and I’m happy to elaborate.

Mr. Frank Klees: Okay. Let’s deal with this line-by-line, then. Mr. Rothfels testified that he became very concerned about the agreement that was taking place between Ornge and Agusta regarding the payment of \$600,000 per aircraft, and he indicated that it was his understanding that Maria Renzella and yourself “were primarily responsible”—I’m actually quoting from his testimony. He states “that both Maria Renzella and Cindy Heinz were primarily responsible for carrying out the directive that they got from Chris to come up with a marketing services agreement.”

Do you agree with that statement?

Ms. Cindy Heinz: No. I’ve never spoken to Dr. Mazza about this agreement until—I should say, I only spoke to Dr. Mazza about this agreement in August of 2010, when Maria was on vacation and he wanted to know why it hadn’t been signed yet. I never received any instructions. I’ve never had any conversations with Dr. Mazza about this agreement.

Mr. Frank Klees: Mr. Rothfels goes on to say—and again I quote from his testimony, which he gave under oath: “Yes. I think I reiterated a number of times to Rick Potter, to Cindy Heinz, to Maria Renzella and to Chris Mazza that the \$600,000 weight upgrade was a fictional charge and that we, Ornge, should not be paying it.” Do you disagree with that?

Ms. Cindy Heinz: Mr. Potter—I don’t know, number one, what Mr. Potter told Maria—

Mr. Frank Klees: Oh, this is Mr. Rothfels I’m quoting.

Ms. Cindy Heinz: Sorry. I don’t know what Mr. Rothfels told Ms. Renzella or Mr. Potter. Mr. Rothfels was in my office talking about various things and mentioned the marketing services agreement, and I—

Mr. Frank Klees: What did he say specifically about the marketing services agreement?

Ms. Cindy Heinz: He said, “You and Maria are being set up to take the fall,” and I said, “What in the world are you talking about? Those agreements are separate from the upgrades, and I’ve been assured that they are paying fair market value for the upgrades.” I then went to Ms. Renzella, very upset, and said, “What is he talking about?” She said she didn’t know, and I said, “Are you paying fair market value for those upgrades?” “Yes.” “Did you receive that in writing from Agusta?” “Yes.” “Are you confident that you’re receiving all the upgrades for fair market value?” “Yes.”

Shortly thereafter, I think Mr. Rothfels left the company, and I had no opportunity to speak to him again. That was the only thing that Mr. Rothfels said. I took it straight to management to find out, and again I was assured that they understood our advice and that they weren’t paying any more for the upgrades. He didn’t tie it, at that time or any time, to the weight upgrade.

Mr. Frank Klees: So you’re admitting that the amount related to the marketing services agreement was tied directly to the issue of the upgrades; is that right?

Ms. Cindy Heinz: No.

Mr. Frank Klees: But you just said—you just referred to the upgrades.

Ms. Cindy Heinz: I referred to the upgrades because I went—what else could he possibly be talking about?

Mr. Frank Klees: He could be talking about what you were talking about in your earlier testimony. You made no reference in your statement to upgrades at all. You gave us a scenario that had to do with helicopters being delivered late—

Ms. Cindy Heinz: But there were—sir, there were upgrades within that.

Mr. Frank Klees: No, no. Fine. I’m just simply saying that you now are agreeing that the amount that was related to this marketing services agreement had to do with the upgrades as it has been discussed by Mr. Potter as well as Mr. Rothfels; is that right?

Ms. Cindy Heinz: No, that’s not what I’m saying.

Mr. Frank Klees: Okay. Let’s move on to Mr. Potter, then. Mr. Potter testified here. With reference to the amount that was to be paid through this marketing agreement, he said, and I quote again from Hansard, “I said”—and this is Rick Potter advising Dr. Mazza. “I said, ‘There is no value in this. This is paper.’ There was no material change to the aircraft. And he said, ‘Well, there are other things to be considered,’ or something to that effect. I’m not quoting; I’m paraphrasing, okay? And that was it.”

1330

I said to Mr. Potter, "And bottom line is, he directed that Ornge should pay that additional amount—"and Mr. Potter said, "Not to me, he didn't, sir." My response was, "Who would he have directed?" Mr. Potter's response was, "I know that Maria Renzella came in shortly thereafter and said, 'There has to be a value to this.' I said, 'There's absolutely none,' and I told her the same story."

He goes on to then talk about the fact that you, as the lawyer, were given direction to draft up the documentation related to what would end up being a marketing services agreement.

Again, I quote Mr. Potter from Hansard, "I talked to Cynthia Heinz and I said, 'Look, this is nuts. This is not a secret.'" He's referring to the fact that there is no value. He goes on to say, "What I had done when I came back was share it with our committee," that is, his negotiating committee, "because we had a list of ongoing challenges with Agusta we were trying to solve and say, 'We can strike this off the list, this off the list and this off the list.' There were any number of people who were well aware of that. In fact, I had reported to the executive committee what had happened that time. I said, 'This doesn't make any sense to me.'"

So that was Mr. Potter's testimony. He also advised us that as the in-house lawyer, you're someone who, as a matter of rule, would draft agreements. We were told that all of the drafts of this marketing services agreement were drafted by you. Is that correct?

Ms. Cindy Heinz: Yes.

Mr. Frank Klees: We're also told that there were some early drafts of the agreement that were discarded. Do you have copies of those earlier agreements?

Ms. Cindy Heinz: I don't have any copies of the agreements.

Mr. Frank Klees: Would they be on file at Ornge? Would those records have been kept?

Ms. Cindy Heinz: They would be on file at Ornge; maybe Fasken's would have them. I don't have them.

Mr. Frank Klees: Okay. I would like us to see if we can get, Mr. Chair, the first drafts of the marketing services agreement that may be in possession—that were drafted by Ms. Heinz.

The reason I'm very interested in those agreements is that we have been told that the reason those early agreements were discarded is that they were very transparent in terms of what the money flow was and that there really wasn't any value to them. Do you have any recollection of that?

Ms. Cindy Heinz: None.

Mr. Frank Klees: Okay.

Ms. Cindy Heinz: But if you don't mind, I would like to address a few things that you said, first about Mr. Rothfels and then about Mr. Potter, if I may.

Mr. Rothfels also said in his testimony that you did not have to pay for the weight upgrade. The weight upgrade was already included in the aircraft purchase agreement. Now, if you look at the pages from the aircraft

purchase agreement—it's under tab 1—there are a number of schedules. The most important schedule is schedule 1; it's toward the back. Page 5, at the back, says, "Additional equipment list, optional equipment." You can peruse through schedule 1 and that basically—it's entitled "Helicopter configuration and weight analysis."

There is nothing in schedule 1 that talks about a weight upgrade. And if you look—

Mr. Frank Klees: Could I just—I don't mean to interrupt you. We will have time to come back to this again—

Ms. Cindy Heinz: But I think these are very important points, sir.

Mr. Frank Klees: And I will let you make them. I just have to deal with a matter of business here.

The Chair (Mr. Norm Miller): Please let the witness answer the question.

Ms. Cindy Heinz: So when I drafted amendment 3 to add the weight upgrade—thank you, Mr. Chair. When I added the weight upgrade, if you look at tab 3, number 2 on amendment 3, it says to delete the life rafts on that schedule 1, and substitute the following: "MTOW 6800KG Upgrade". That was the addition of the weight upgrade. It had not been provided for in the agreement of purchase and sale. It was not in there. I added that.

With respect to Mr. Potter's recollection, Mr. Potter and I were drafting the amendments to the agreements. I was drafting amendment 3, and we met, because he came to me—we were going through the technical requirements of that amendment—and said to me, "You know, I negotiated a better deal."

I said, "What do you mean?"

He said, "Well, I got a lower price."

I said, "Well, do you have that in writing? Is there anything in writing, is there any documentation, that can corroborate that?"

He said, "No."

I went to Ms. Renzella and I said, "Maria, Potter says he negotiated a better deal. Can you look into that?"

She came back and said, "There's no other deal."

For the next four months, I continued to send amendments to Mr. Potter. Mr. Potter commented on every single draft of the amendment. He never mentioned another thing to me after that point. In tab 3, you will see emails where Mr. Potter signed off on that final agreement, as did Ms. Renzella and the other people at AgustaWestland. So Mr. Potter's memory, I think, is failing in this instance.

Mr. Frank Klees: I think we have—

The Chair (Mr. Norm Miller): You have about five and a half minutes.

Mr. Frank Klees: I think we have a lot of memories that are failing.

Mr. Chair, I'd like to deal with a matter of business, if I could.

The Chair (Mr. Norm Miller): You have the floor.

Mr. Frank Klees: Today, during question period at the Standing Committee on Public Accounts, it was evident that the member for Willowdale engaged in a case

of witness tampering. As such, I feel that we should report this issue immediately to the House.

Parliamentary authority says that “Witnesses appearing before committees enjoy the same freedom of speech and protection from arrest and molestation as do members of Parliament.”

Mr. Zimmer’s questioning could not have infringed on this principle more. Mr. Zimmer said this: “When you’re faced with this choice between doing what’s best for the air ambulance service, fixing it and getting to the bottom of it, and yet you don’t want to share some of that confidential information and confidential names who might help us with that and you opt to protect your source, do you think that’s a bit selfish of you?”

He continued, Mr. Chair, by stating: “And their careers trump the safety of Ontarians ... they’d rather protect their careers than help us root out the causes of the difficulties at Ornge.”

Mr. Chair, it’s evident that Mr. Zimmer’s questioning is an attempt to intimidate Mr. Kidd, in an effort to deter the witness, and any further witnesses, from testifying.

O’Brien and Bosc state: “Tampering with a witness or in any way attempting to deter a witness from giving evidence may constitute a breach of parliamentary privilege. Similarly, any interference with or threats against witnesses who have already testified may be treated as a breach of privilege by the House.”

O’Brien and Bosc also state:

“In a ruling given on February 20, 1984, the Speaker stated:

“A threat emanating from any government department or public corporation to withhold information or co-operation from a member of Parliament would undoubtedly hinder that member in the fulfilment of his or her parliamentary duties and therefore constitute a breach of privilege.”

O’Brien and Bosc also cite a case from 1992, where “a witness who had testified before a subcommittee was advised by a crown corporation employee that the issue of her testimony was being referred to the corporation’s legal department. The witness informed one of the committee members who raised a question of privilege in the House.” Speaker Fraser ruled that the matter was a *prima facie* case of contempt.

1340

When the Committee on House Management reported back to the House on the question of privilege, they reaffirmed that “the protection of a witness is a fundamental aspect of the privilege that extends to parliamentary proceedings and those persons who participate in them.”

Mr. David Zimmer: Point of order, Chair—

Mr. Frank Klees: Australian parliamentary guidelines further clarify—

The Chair (Mr. Norm Miller): Mr. Klees has the floor.

Mr. Frank Klees: —that “section 12(1) of the Parliamentary Privileges Act 1987 ... prohibits a person from using various means, including threat, intimidation or in-

ducement, to influence another person in respect of evidence to be given before a House or committee.”

Furthermore, former MP and lawyer Derek Lee states that “obstructing or tampering with a witness is a breach of privilege of the House or of its committees who have the delegated authority.”

These tactics fit a pattern of fear that has been exemplified by witnesses who have already been in front of the public accounts committee. This begs the question: What other witnesses have been threatened or tampered with or intimidated?

I conclude with a ruling by former Speaker of the House of Commons, the Honourable Jeanne Sauvé. Speaker Sauvé ruled, “When new ways are found to interfere with our proceedings, so too will the House, in appropriate cases, be able to find that a contempt of the House has occurred.”

Mr. Chair, I’m prepared to move an appropriate motion for the committee to report on this matter back to the Speaker of the Legislature. Thank you.

The Chair (Mr. Norm Miller): Mr. Klees, at this point, I will cut you off.

Mrs. Liz Sandals: Point of order, Chair: You previously ruled that we couldn’t bring forward motions.

The Chair (Mr. Norm Miller): I have the floor, and I would like to inform the committee that the Chair has no authority to rule that a breach of privilege or contempt has occurred. The role of the Chair in such instances is to determine whether the matter raised does, in fact, touch on privilege and is not a point of order, a grievance or a matter of debate.

This morning’s questioning—witnesses come before this committee. The members have an opportunity to ask questions. I did follow the questions very carefully. Mr. Zimmer was asking questions, and the witness was providing answers. I followed it closely, and I saw nothing wrong with that. So we shall move on now, please. I have made my ruling. You have 30 seconds left, Mr. Klees.

Mr. Frank Klees: Well, in my 30 seconds, Chair, I will simply say this: I can tell you that if witnesses who are observing these proceedings see the kind of conduct and the kind of attitude that Mr. Zimmer portrays here, I would not want to be a witness coming forward. I think it’s unconscionable behaviour, and I would simply hope that Mr. Zimmer will take note.

The Chair (Mr. Norm Miller): Thank you. We shall move on to the NDP. Who would like to ask questions? Mr. Singh.

Mr. Jagmeet Singh: Thank you very much.

Good afternoon, Ms. Heinz. I want to ask you some questions surrounding any connections or any conversations you had with the ministry in your involvement, both as outsourced counsel with Fasken’s and when you were with Ornge directly as in-house counsel. Did you have any meetings or interaction with ministry individuals?

Ms. Cindy Heinz: The only contact I had with ministry people were the people from the legal branch. That was when we were working on the performance agreement with Mr. Springman. He had a few other people from his branch working on that.

I then had occasion, over the years, to speak to Mr. Springman about questions about the performance agreement. I think he had a junior, Mr. Bill Georgas. I might have spoken to Bill a couple of times about the performance agreement but nobody else from the ministry.

Mr. Jagmeet Singh: Okay. And would these individuals from the legal department have been with the Ministry of the Attorney General, then?

Ms. Cindy Heinz: No, that doesn't ring a bell.

Mr. Jagmeet Singh: You think they were with the Ministry of Health, but the legal—

Ms. Cindy Heinz: The legal services branch of the Ministry of Health.

Mr. Jagmeet Singh: —branch of the Ministry of Health.

Ms. Cindy Heinz: There was a meeting with somebody from the Ministry of the Attorney General back in December of 2009. There was a meeting with Mel Springman at our firm, Bill Georgas and someone by the name of Kevin McGuinness from the Ministry of the Attorney General, I believe. They wanted to speak to us about the bond transaction and wanted to learn more about the bond transaction, and Mr. Apps explained it to them.

Mr. Jagmeet Singh: Just to break down some of those meetings: In the meeting with—you indicated Mr. Springman, and he had a junior, Mr. Georgas?

Ms. Cindy Heinz: Yes, at that particular meeting.

Mr. Jagmeet Singh: At that particular meeting. And those were individuals from the legal services from the government side, at least. If you're not sure exactly what division you think it was, you think it was the legal services branch of the Ministry of Health—

Ms. Cindy Heinz: That's right.

Mr. Jagmeet Singh: But it may have been just from the government side in general.

Ms. Cindy Heinz: I'm pretty sure they said it was the legal services branch of the ministry, though.

Mr. Jagmeet Singh: That's fair. And who was present on your end in terms of on Ornge's behalf?

Ms. Cindy Heinz: At that particular meeting?

Mr. Jagmeet Singh: At that particular meeting, yes.

Ms. Cindy Heinz: Alfred Apps was there, myself, Maria Renzella—someone by the name of Scott. He was a government relations person from Ornge.

Mr. Jagmeet Singh: From the Ornge side. When was that meeting, that meeting specifically with Mr. Springman and Mr. Georgas?

Ms. Cindy Heinz: That was sometime in December of 2009.

Mr. Jagmeet Singh: It was 2009? In that meeting, can you recall what the contents of—specifically you said it was related to the performance agreement, but what about the performance—

Ms. Cindy Heinz: Not in 2009.

Mr. Jagmeet Singh: No? Okay.

Ms. Cindy Heinz: In 2009 it was to deal with the bond transaction.

Mr. Jagmeet Singh: Was it limited to the bond transaction, or was there anything else?

Ms. Cindy Heinz: I'm pretty sure it was limited to the bond transaction.

Mr. Jagmeet Singh: When did you have meetings regarding the performance agreement?

Ms. Cindy Heinz: That was at the very beginning, when we were actually drafting and negotiating the performance agreement. Once we had drafted the performance agreement and it had been signed, over the course of the years Mr. Springman and I had occasion to talk on the phone, but not often. It would be reflected in the dockets if you have the dockets.

Mr. Jagmeet Singh: Those conversations that were infrequent but with Mr. Springman: What were they about?

Ms. Cindy Heinz: He had a few questions about what we had done on a couple of the provisions. In one particular case he thought that there was a typo and that the intent of the parties was—I can't exactly remember right now, but it was X when he thought what we really intended was Y, so we were trying to figure out if we could maybe amend that just to make it clear.

Mr. Jagmeet Singh: Were you amenable to Mr. Springman—if in that conversation he said, "Listen, I'd like it to be amended," were you more than willing to have that amended or work on having that amended?

Ms. Cindy Heinz: Yes. I took his concerns to the people at Ornge. It wasn't a significant issue. I don't recall anyone having a problem with it. I remember then speaking to Lynne Golding at Fasken to—I asked her about her recollection. We thought that actually in this particular case Mr. Springman was right and that we should amend it.

Mr. Jagmeet Singh: Now, just in general, as a general practice, for this specific meeting, who arranged the meetings in general, the meetings with Mr. Springman or the meeting with Mr. Springman and Mr. Georgas? Who was, I guess, the—

Ms. Cindy Heinz: Mr. Springman initiated those calls to me when he had questions about the performance agreement. He initiated the meeting in December 2009 in the bond transaction. He wanted to have a better understanding and grasp of it.

Mr. Jagmeet Singh: Did Mr. Apps ever set up any of the meetings?

Ms. Cindy Heinz: With the ministry?

Mr. Jagmeet Singh: With the ministry—that you were aware of.

Ms. Cindy Heinz: With the legal branch people?

Mr. Jagmeet Singh: That's right.

Ms. Cindy Heinz: Not that I'm aware of.

Mr. Jagmeet Singh: I'm going to switch gears a little bit and talk about salary disclosure issues. In terms of salary disclosure, when you were in-house counsel at Ornge, were you asked to give your opinions on whether a salary should be disclosed, or when it should be disclosed or if it should be disclosed?

Ms. Cindy Heinz: When I started, it was in June 2011. Their practice was that anybody who was employed outside the company, Ornge proper, didn't disclose their salaries. So I was an employee of Ornge Global Corporate Services, which was formerly Peel, so my salary didn't get disclosed. The issue came about in December, when I think—I don't know how it came about, but they wanted—we were asked if we would agree to publicly disclose our salaries.

Mr. Jagmeet Singh: Who asked you to do that?

Ms. Cindy Heinz: I think it came from the ministry.

Mr. Jagmeet Singh: And when was that?

Ms. Cindy Heinz: In December. It was when all the media stories started to take place. I drafted up consents, and we all agreed to disclose our salaries, except Dr. Mazza didn't want to consent to his.

1350

The difficulty was that the rest of the executive team wanted to disclose their salaries. We knew that the Auditor General's report was coming out and it had an aggregate number for executive salaries. We were concerned that if we all disclosed our salaries, then people would be able to do the math and determine what Dr. Mazza's salary was. Therefore, indirectly we would be disclosing his salary, and we were concerned that because we didn't have his consent, we were putting the corporation at risk.

Mr. Jagmeet Singh: Okay. What about when you were not in-house counsel, but when you were working as counsel for Fasken's, working for Ornge? At that point were you ever asked to give an opinion on whether or not salaries should be disclosed?

Ms. Cindy Heinz: I believe, when I was talking to Ms. Sandals back in about 2003 when we were looking at the structuring, when we were looking at for-profit, not-for-profit, charity, those sorts of things, we were also—I believe that was one element that they had asked us to look into: If it's this corporation, do you have to disclose your salary and all those sorts of things. I had gotten Guy Giorno to come in and look and give some advice on that. My recollection is, his advice was the same as it was in 2007, except he didn't say "disclose," because there was no corporation at the time. I believe he said, "Technically, you do not have to disclose if an employee that was employed by an entity other than Ornge proper wouldn't have to disclose, but a regulation could be made very quickly to change that."

That was back in 2003. Then in 2007, when the entities were—we had incorporated Ornge, then in 2003 they gave a more detailed opinion, I believe, Mr. Giorno and Ms. Golding, and I believe Ms. Golding testified as to what their advice was.

Mr. Jagmeet Singh: She did. That's right. At some point, Mr. Potter suggested that you had given him the opinion that he shouldn't or he was exempt from disclosing his salary.

Ms. Cindy Heinz: No.

Mr. Jagmeet Singh: Did you give him that opinion?

Ms. Cindy Heinz: I had thought, when I read that—the only time that Mr. Potter and I had that conversation was in December when we were all agreeing to consent, but we had received advice from the privacy lawyers at Fasken's and Hicks Morley. Hicks Morley did all of the labour work for Ornge. We had received privacy advice from them that we had to be careful, given the Auditor General's report was supposed to come out with the aggregate number. We had to be careful. If we all disclosed, we may be indirectly disclosing Dr. Mazza's salary. That was the only time Mr. Potter and I had that conversation.

Mr. Jagmeet Singh: That's fine. You indicated that you were employed with—correct me, if I'm wrong—Ornge Global Rotor. What was your involvement with that?

Ms. Cindy Heinz: I wasn't employed by Ornge Global Rotor. I was employed by Ornge Global Corporate Services Inc.

Mr. Jagmeet Singh: Okay.

Ms. Cindy Heinz: Ornge Global Rotor—and I don't know if it still exists today, but that was the company that was supposed to run the rotor wing operation. That was the company that applied for an operating certificate to run the operation—

Mr. Jagmeet Singh: Sorry to interrupt you.

Ms. Cindy Heinz: That's okay.

Mr. Jagmeet Singh: And what was your connection to that company?

Ms. Cindy Heinz: Ornge Global Rotor?

Mr. Jagmeet Singh: Yes. Were you the administrator or the registered—your name would have appeared on the registered office or the registered head or the administrator?

Ms. Cindy Heinz: Are you looking at incorporating documents?

Mr. Jagmeet Singh: Yes.

Ms. Cindy Heinz: Yes. Oftentimes, if you're incorporating a company, it's more expedient for the lawyer to be noted as the incorporating director, and then the incorporating director would resign once the board was appointed, so it's quite usual. It's typical and it's just done for expedience.

Mr. Jagmeet Singh: And then similarly for Ornge Global Brazil holdings?

Ms. Cindy Heinz: That's exactly what happened. I was the incorporating director and then I was to resign when the new board came on, but nothing ever happened with that company.

Mr. Jagmeet Singh: You indicated at one point in your testimony that if you had any concern regarding the helicopters in terms of the payments and the overpayments, you would have brought them to the board, if you had had any misgivings, but you were clarified along the way that there was nothing to be worried about. Why would you have brought it to the board?

Ms. Cindy Heinz: I had two instances where I did go to the board.

Mr. Jagmeet Singh: Yes?

Ms. Cindy Heinz: What had happened was, we had come back from Christmas holiday and I had gotten a letter that was dated December 2009. It was a letter addressed to Mr. Potter from someone at AgustaWestland. I was given the letter—I don't know if that letter is before this committee—and what the letter did was set out a prior agreement on what was going to be paid for the weight upgrades and all the upgrades that we ended up paying for.

When I looked at that, I took it immediately to the board chair, Barry Pickford, and gave them the letter. And then—

Mr. Jagmeet Singh: When was that, roughly?

Ms. Cindy Heinz: That was in January of this year when I saw the letter. The letter had been over two years old.

Mr. Jagmeet Singh: Okay.

Ms. Cindy Heinz: If you will recall, I asked Mr. Potter if he had anything in writing to corroborate that he had negotiated a better deal. He said no.

When I took that letter to Mr. Potter, I said to him, "Rick, do you recognize this?" and he said, "Yes. I forgot about that letter." Then I said, "I asked you if you had anything like this. You said no." "I forgot about it." He said, "I actually lost my copy," but there have been a number of other people in that office, apparently—which I had learned later—who had a copy of that letter.

The first time it was brought to my attention was January 2012, right after we got back from Christmas holidays. At that point, I took it to the board. I then gave it to the interim vice-president, Ron McKerlie, and it went from there.

Mr. Jagmeet Singh: In terms of any misgivings or any problems that you had or if you had any concerns, you said that you'd go to the board. Here's an example: You went to the board. What I want to get at is, do you feel there was an obligation to inform the board of what was going on at Ornge or if there were any concerns that you had at Ornge?

Ms. Cindy Heinz: Absolutely. Typically what I would have done: If I had any concerns, I would have gone to my managing partner first and chatted about that. If we did think that there was an issue, then we would have gone to the board. Depending on how they would react, then we would either continue on, if there was a reasonable explanation, or we would have withdrawn from the file if we didn't agree with what they were doing.

Mr. Jagmeet Singh: Was there any obligation on your part or did you see any obligation to inform the ministry if there were any concerns or any problems that arose?

Ms. Cindy Heinz: I didn't see an obligation on my part. My part was to the client, the board—the board, which had a fiduciary obligation to the company.

Mr. Jagmeet Singh: In terms of stakeholders in Ornge, would you agree with me that the primary stakeholder was the Ontario government?

Ms. Cindy Heinz: Yes.

Mr. Jagmeet Singh: We've seen the debacle that Ornge is. Along the way, the Minister of Health has indicated that the performance agreement didn't provide enough oversight mechanisms and tools. We've heard many deputants who have come forward and said that the performance agreement had a slew of mechanisms in place that allowed the ministry to do various things to oversee Ornge, to provide the proper oversight.

Can you comment on the performance agreement as someone who was working with Fasken's and as someone who is in-house counsel? How did that performance agreement work, and did you think that there were sufficient oversight tools available?

1400

Ms. Cindy Heinz: I haven't reviewed the performance agreement in quite some time, but as far as I recall, there were audit—

Mr. Jagmeet Singh: Mechanisms or requirements.

Ms. Cindy Heinz: Mechanisms, yes, for the ministry to audit their books and records. I think there was a whole schedule at the back with reports that had to be filed with the ministry. There were—Mr. Springman wanted a provision in there that if they were unhappy with the way the dispatch centre was being run, then they could basically come in and take it over.

Mr. Jagmeet Singh: And when did Mr. Springman want that? You recall that one particular clause—

Ms. Cindy Heinz: Oh, it was—it went on for pages.

Mr. Jagmeet Singh: And how did that come to your attention? Was that something that was amended and put in later on or was it always—

Ms. Cindy Heinz: Oh, no, no, no. It was in there from the beginning.

Mr. Jagmeet Singh: From the beginning.

The Chair (Mr. Norm Miller): You have two minutes.

Mr. Jagmeet Singh: Okay. At any point in time were you ever contacted by the ministry to work on amending anything in the performance agreement?

Ms. Cindy Heinz: There were two later amendments. But I wasn't contacted by the ministry. I was contacted by Mr. Blum and—

Mr. Jagmeet Singh: Is that Mr. Jacob Blum?

Ms. Cindy Heinz: Yes.

Mr. Jagmeet Singh: Okay.

Ms. Cindy Heinz: He had asked me to work on a couple of amendments. One was to provide, I think it was, the critical care land transfer, and then they were doing something in Thunder Bay, and they were getting more funding. So we had to amend the agreements.

Mr. Jagmeet Singh: Okay. There's been some suggestion that it would have been very difficult to amend the performance agreement, that there would have been a lot of stonewalling that would have been faced—if you can describe how that performance agreement amendment went. Were there any sort of problems or any hiccups along the way?

Ms. Cindy Heinz: It took some time. You know, we went back and forth with drafts and whatnot. It doesn't

happen overnight. You go through drafts. Everybody comments. The lawyers put their two cents in, the clients, so I can't—I'd be speculating to say how long it took, but it wasn't a quick process.

Mr. Jagmeet Singh: Okay. I'm just going to actually read this one comment to you: The committee has been told that Ornge was given an option by Lynne Golding and Guy Giorno critical of using the network of for-profits to hide salaries—as you've indicated, Lynne Golding and Guy Giorno were critical of it—and a different opinion from Alfred Apps was suggesting that this was appropriate.

Do you have a personal opinion on those two different views?

Ms. Cindy Heinz: Well, I think they resolved their views. When I got the two conflicting memos, I called a meeting with Ms. Golding and Mr. Apps—I don't think Ms. Golding recalled that, but I think she clarified that in her letter to the committee. It was determined that Ms. Golding had the better view, and so Mr. Apps called the client and told them that there was this obviously conflicting view. They said, "Don't worry. We don't need the opinion in any event." So I don't think he ever finalized that memo. It remained in draft.

Mr. Jagmeet Singh: And your personal opinion on that?

Ms. Cindy Heinz: Ms. Golding had the better view.

The Chair (Mr. Norm Miller): And you've used up your time.

Now, we'll move to the government. Ms. Sandals.

Mrs. Liz Sandals: Yes. Thank you. If we could go back to 2003 and if we, I guess, think from 2003 forward, we know from the work of the Auditor General and from prior testimony that eventually Fasken's billed Ornge over \$9 million for the work that they were doing, and given what we've been talking about, clearly that included lobbying, or government relations, in lawyer-speak.

If you look at page 3 in an entry that's dated January 22 from Mr. Giorno, he references an "Office conference with C. Heinz and L. Golding to discuss government relations implications of structural and charitable status issues." And then if you go on down to page 5, another Guy Giorno docket—this one's dated February 11, 2003—it says: "Follow up with client official re status of phase II of government relations plan..." Then you go down to the bottom of page 5, and we see that Kevin McCarthy has been brought on the file and it becomes clear with his billings that they are also government-relations-related billings.

So, just looking at those few docket entries as representative of dozens, you've got three well-connected Conservatives—you've got the Minister of Health's wife, Ms. Golding; you've got the Premier's former chief of staff, Mr. Giorno; you've got Mr. McCarthy, who eventually became Minister Flaherty's current chief of staff—all working on government relations at Ministry of Health expense. Agreed? That's what the dockets say, correct?

Ms. Cindy Heinz: I don't think—as I can say, I don't think Ms. Golding was working on government relations.

Mrs. Liz Sandals: Ahh.

Ms. Cindy Heinz: She was not working on government relations.

Mrs. Liz Sandals: She's just in on the meetings directing them.

Ms. Cindy Heinz: No, I don't think she was directing them. I can't really recall, but I don't recall her being—I don't recall exactly what she was doing, but I—

Mrs. Liz Sandals: So when Mr. Giorno billed for a meeting to discuss government relations that she was at, Mr. Giorno was incorrect in his billing?

Ms. Cindy Heinz: Where was that? Sorry.

Mrs. Liz Sandals: That's the one on page 3 about four or five down from the top. Mr. Giorno: "Office conference with C. Heinz and L. Golding to discuss government relations implications of structural and charitable status issues." That seems to me pretty clear.

Ms. Cindy Heinz: Well, she wasn't involved—actively involved. As I said, Mr. Giorno and Mr. McCarthy had registered as lobbyists.

Mrs. Liz Sandals: She was just sort of there in the background.

Ms. Cindy Heinz: At this point, I think she was helping us try to figure out the structure, so it was probably more just an update or a briefing meeting. But I don't recall her—

Mrs. Liz Sandals: I'm just reading what Mr. Giorno wrote down.

Ms. Cindy Heinz: I know, but—I mean, I think you'd have to ask them, but I don't recall her being actively involved in that part of it.

Mrs. Liz Sandals: So she's at least in meetings discussing this, and we've heard that Minister Clement effectively recused himself from the air ambulance file because his wife was counsel and there would be a conflict of interest. We've got the Ministry of Health funding the air ambulance, funding Fasken's—wife is senior partner on the file. This is a circle that is not really quite kosher.

If you turn to page 7 of the docket, again an entry from Mr. Giorno dated February 17, in which he has "telephone calls to minister's office re meeting with minister." And we go down a couple of entries to February 18. Mr. Giorno: "Discussion with ministry official re pre-briefing in advance of Thursday meeting with minister," and below that we then get an entry from Kevin McCarthy on the 18th, same day, that says, "Researched and drafted briefing materials for meeting with Minister Clement." So is it in fact true that Minister Clement was meeting with Fasken's lawyers, including Guy Giorno, regarding the establishment of what eventually becomes Ornge?

Ms. Cindy Heinz: I can't dispute what is in here. I don't recall that happening, but I don't know. So I don't think I'm the person to ask.

Mrs. Liz Sandals: If it is as reflected in the docket, do you think it's appropriate that we've got Minister

Clement meeting with his wife's firm—Mr. Giorno—to discuss what's obviously a big account for his wife's firm?

1410

Ms. Cindy Heinz: I just do not recall that happening. I'm sorry.

Mrs. Liz Sandals: So Ms. Golding never spoke to you about these meetings?

Ms. Cindy Heinz: I don't recall that ever happening.

Mrs. Liz Sandals: If we look at the docket on page 8; this is dated February 25, and it's actually your docket, it says, "telephone conversation with C. Mazza re: letters patent and status of meetings with the minister." You've got a "telephone conversation with G. Giorno re: same." There seems to be a conversation going on here between Mr. Giorno and yourself and Mr. Mazza about meetings with the minister. Am I to read this, then, to say that there's another meeting with Minister Clement that Dr. Mazza was at?

Ms. Cindy Heinz: I'm sorry; I don't know. I don't know.

Mrs. Liz Sandals: You've got no recollection around any of these conversations about the minister or meetings that are being set up with the minister. I do recognize that it wasn't you that was setting up the meetings; it's clear from the record that it's Mr. Giorno and Kevin McCarthy that are setting up the meetings. But you have no recollection of these discussions that you're docketed as being participating in?

Ms. Cindy Heinz: No, I don't recall that. I'm sorry.

Mrs. Liz Sandals: Let's look at another issue here. If we go down to page 17, the Red Tape Commission pops up in several entries. Lots of us remember the Red Tape Commission, which was advertised as getting the government out of the way of business. Mr. Justice O'Connor had some pretty negative things to say about the Red Tape Commission in relationship to Walkerton, but at any rate.

If you look at page 17, there's an entry dated April 28 from Mr. Giorno. He's preparing for and attending at meetings with ministry officials and preparing for and attending a meeting with two Red Tape Commission officials; he's booking a Red Tape Commission presentation. Then, at page 18, we go on, on April 30—again, a Guy Giorno entry—a "telephone conference with client vice-president re: legislative reform and meeting with Red Tape Commission."

Ms. Cindy Heinz: I'm sorry, Ms. Sandals, which date are you on?

Mrs. Liz Sandals: I'm on April 30 on page 18, Guy Giorno, about half a dozen entries down, the middle of his docket entry, timeline narrative.

Ms. Cindy Heinz: "Telephone conversation with client vice-president"?

Mrs. Liz Sandals: "Re: legislative reform and meeting with Red Tape Commission." I'm just wondering, if this is a simple matter of separating off the base hospital into a stand-alone corporation, how on earth this involves legislative change and the Red Tape Commission. This

seems to have blown up out of all proportion to the simple matter of, "Let's separate things."

Ms. Cindy Heinz: That was the difficulty. It wasn't a separate matter, and you needed legislative reform in order for them to separate. The Ambulance Act had a certain definition at the time for "base hospital program." It was sort of a circular definition, but it was a hospital that has been, I believe, appointed by the minister to operate a base hospital program. Don't quote me on that, but it was something like that.

Ornge, or the previous entity, was never going to be a hospital. So you needed to get an amendment to the Ambulance Act in order to provide either a hospital or another entity, appointed by the ministry or the Minister of Health, to operate an air ambulance program. I believe what had happened: In 2005, they were waiting for that legislative change to occur.

Now when you read the Ambulance Act, the definition of "base hospital program" had been amended, I believe, to say, "a hospital or a not-for-profit corporation or a non-share capital corporation that has been appointed by the minister." When the minister actually, in 2005, appointed Ontario Air Ambulance Services Co. as the base hospital, it put in there that they had all of the powers of a base hospital under the Ambulance Act. It wasn't a simple matter. It did require a legislative change, and legislative change was—

Mrs. Liz Sandals: I accept it needed legislative change—you're the lawyer—but what I don't get is why you need a whole lot of lobbyists being paid by the Ministry of Health, instead of Sunnybrook having a conversation with the Ministry of Health. This seems an awfully circular way of figuring out what you need to do.

I'm going to turn it over to my colleague.

Mr. David Zimmer: And what time do I have, Chair?

The Chair (Mr. Norm Miller): You have seven and a half minutes.

Mr. David Zimmer: Okay. Thank you.

Are you familiar with this business that we've heard about, the \$1.2 million in loans to Dr. Mazza, which included a \$500,000 loan by Ornge Peel for assisting with the purchase of a home?

Ms. Cindy Heinz: You're asking what my involvement was?

Mr. David Zimmer: No. Are you aware of that issue?

Ms. Cindy Heinz: Am I aware that loans were made?

Mr. David Zimmer: Yes.

Ms. Cindy Heinz: Yes, I am.

Mr. David Zimmer: At page 921 of the account book, there's an entry—

Mrs. Liz Sandals: She doesn't have that page.

Mr. David Zimmer: One of the dockets: It's 24873713, a docket by Lynne Golding. It says, "meeting with Bruce re: Foundation and JSmart (financial statements) and re: 500k loan (not reflected as being)"—

The Chair (Mr. Norm Miller): Excuse me. Would you like a copy of that?

Mr. David Zimmer: I'm sorry.

Ms. Cindy Heinz: Yes, please.

The Chair (Mr. Norm Miller): We'll get a copy made. Do you have an extra one there?

Interjections.

Mr. David Zimmer: It's the entry at 24873713.

Ms. Cindy Heinz: Okay.

Mr. David Zimmer: "Meeting with Bruce re: Foundation and JSmart (financial statements) and re: 500k loan (not reflected as being owed to GP); discussion with CH and email exchange with Ron." Question: I gather CH is you?

Ms. Cindy Heinz: Yes. I assume so.

Mr. David Zimmer: So what was that meeting about?

Ms. Cindy Heinz: Do we have a date? Well, it has to be this year, because I assume Ron is Ron McKerlie.

Mr. David Zimmer: If you don't, that's fine.

Ms. Cindy Heinz: I'm not certain, but Ms. Golding assisted with the windup of all of these for-profit corporations. I'm assuming this docket is more recent because she helped the board wind them all down. She was probably just trying to explain to the board what needed to happen in order to wind down.

Mr. David Zimmer: All right. Thank you. Did you have any involvement with the giving of advice on the \$1.2-million loan, including the \$500,000, to Dr. Mazza for homes and that sort of stuff?

Ms. Cindy Heinz: There were two loans in 2010—there was one in 2010. I wasn't with Ornge at the time, and I had gotten a call from Ms. Renzella saying that the board wanted to give a loan to Dr. Mazza—an employee loan—and wanted to take out a mortgage. They had apparently called Hicks Morley because it was an employment matter, and Hicks is their labour counsel. Hicks said, "If it's a mortgage involved, you'd better call Fasken's." So I called somebody from our real estate department, who took care of preparing the loan documents and the mortgage.

1420

Mr. David Zimmer: Did you offer any advice on the propriety of that loan?

Ms. Cindy Heinz: No, I didn't.

Mr. David Zimmer: We've heard in the Auditor General's report and from the Auditor General that he was getting a lot of pushback when he went to Ornge and said, "I'd like to see this; I'd like to see that. I'd like to see salaries. I'd like various statements from subsidiary companies on all of that." Did you offer any advice on the propriety of—I'll use the expression—pushing back against the Auditor General on his requests for this information?

Ms. Cindy Heinz: No, I never tried—I never offered any advice on the propriety. When they asked me what they could give, it was our view—and not just my view—that they were entitled to see all of the documents that related to Ornge and its subsidiaries. I think the one thing that was in question, in my view, from what I can recall, was the shareholders' agreement for that Ornge Global Management Inc. company. There was personal and confidential information in there of the shareholders,

and so we didn't think that it was appropriate to give that out.

The Chair (Mr. Norm Miller): You have two minutes.

Mr. David Zimmer: Thank you. So Ms. Golding, Mr. Giorno and Mr. McCarthy were billing Ornge from the period January 2003 to October 2003. Our tally comes to about 600 hours of work that they did. Can you, as the responsible partner, the billing partner—at that time, what was Ms. Golding's billing rate? Roughly. What do you think it might have been at that time?

Ms. Cindy Heinz: In 2003? I have no idea.

Mr. David Zimmer: Could you get that information for us?

Ms. Cindy Heinz: I can't because I'm no longer with Fasken's, but I'm sure if you spoke to the managing director of Fasken's, he would give you that information. I understand they're trying to be co-operative.

Mr. David Zimmer: Just as an experienced lawyer—you were there in 2003; you know their level of experience and their age and their call-to-the-bar year and so on. Recognizing that it may be corrected when we hear from Fasken's, what would you guess their billing rate was? In what range?

Ms. Cindy Heinz: Are you taking about Ms. Golding or Mr. Giorno or—

Mr. David Zimmer: All three. Each of them. I mean, I know what a beginning lawyer bills at, and you know; and I know what a lawyer with 15 and 20 years' experience bills at. So where in that range were these three?

Ms. Cindy Heinz: It really depends. Mr. Giorno was new to the firm; he didn't sort of—

Mr. David Zimmer: What year were you called to the bar?

Ms. Cindy Heinz: In 1993.

Mr. David Zimmer: What was your billing rate in 2003?

Ms. Cindy Heinz: I think I brought mine; mine was \$380.

Mr. David Zimmer: Were Ms. Golding, Mr. Giorno and Mr. McCarthy senior to you in terms of call to the bar?

Ms. Cindy Heinz: Ms. Golding was. I don't know about Mr. Giorno and Mr. McCarthy.

Mr. David Zimmer: But anyway, a 10-year lawyer is \$400 an hour.

The Chair (Mr. Norm Miller): You are out of time.

Mr. David Zimmer: Thank you, Chair.

The Chair (Mr. Norm Miller): So we'll move to the opposition now. Mr. Klees.

Mr. Frank Klees: Thank you.

Can I just ask you—you tabled the aircraft purchase agreement. How did you come—you're no longer at Ornge, right?

Ms. Cindy Heinz: I'm no longer at Ornge and—

Mr. Frank Klees: Or Fasken's?

Ms. Cindy Heinz: No, I'm not there anymore either.

Mr. Frank Klees: How was it that you were able to provide us with a copy of this?

Ms. Cindy Heinz: Well, in preparing for my testimony today, I asked Fasken's if I could review some of the relevant documents that I thought you may ask me about today.

Mr. Frank Klees: I see. Did you spend any time preparing with anyone at Fasken's for this hearing?

Ms. Cindy Heinz: I spent time going through the documents.

Mr. Frank Klees: Did you have discussions with anyone at Fasken's about what you would testify here?

Ms. Cindy Heinz: What I would testify? We talked about what I could—what questions you may—what you might be interested in so that I knew what I could help you with.

Mr. Frank Klees: Was your statement reviewed by anyone at Fasken's? The statement that you prepared?

Interjections.

Mr. Frank Klees: The statement that you gave here. Did you review that with anyone at Fasken's?

Ms. Cindy Heinz: Yes.

Mr. Frank Klees: Who?

Ms. Cindy Heinz: Who?

Mr. Frank Klees: Yes.

Ms. Cindy Heinz: Stephen Hastings from our communications department.

Mr. Frank Klees: And why would you do that?

Ms. Cindy Heinz: To make sure that it was accurate. I'm not at Fasken's anymore. I can't speak for Fasken's anymore. I wanted to make sure that my recollection was the same as Fasken's recollection.

Mr. Frank Klees: So who was it that you reviewed this with?

Ms. Cindy Heinz: Stephen Hastings.

Mr. Frank Klees: And what is his role at Fasken's?

Ms. Cindy Heinz: He's the communications person.

Mr. Frank Klees: Is he a lawyer?

Ms. Cindy Heinz: I'm not sure.

Mr. Frank Klees: How long has he been at Fasken's?

Ms. Cindy Heinz: I don't know.

Interjections.

The Chair (Mr. Norm Miller): If you can speak up a bit, please, Mr. Klees. People are having difficulty hearing you.

Mr. Frank Klees: I just want to make sure that you're listening.

You're a lawyer. We weren't, quite frankly, interested in having a communications piece here. We wanted some facts. We assumed that we would get those from you. I find it quite interesting that in your preparation—I could understand if you sat down with Lynne Golding. I could understand if you sat down with—

Ms. Cindy Heinz: Well, I did sit down with Lynne.

Mr. Frank Klees: You did with her, as well?

Ms. Cindy Heinz: Yes.

Mr. Frank Klees: And who else?

Ms. Cindy Heinz: It was Lynne Golding, Lisa Marcuzzi from—

Mr. Frank Klees: And what is she?

Ms. Cindy Heinz: She's a lawyer. She worked on the file, as well. There were a number of people working on this file all through the period of time, and if I was speaking on behalf of Fasken's, I wanted to make sure that my recollection was the same as theirs, because they haven't had a chance to come and speak about this particular matter.

Mr. Frank Klees: So you had an opportunity to collaborate your presentation here with a number of people: the communications person at Fasken's—

Ms. Cindy Heinz: We didn't collaborate. I wanted to make sure that what I was saying in there, they didn't disagree with.

Mr. Frank Klees: And what if they did disagree with it?

Ms. Cindy Heinz: I can't speak for Fasken's anymore. At the time that this was going on, I was at Fasken's, so I wanted to make sure that I was making an accurate reflection of my recollection and not saying anything incorrect. There were so many of us involved in the file, I wanted to ensure that I was giving you the proper information.

Mr. Frank Klees: You understand what's puzzling to me.

Ms. Cindy Heinz: Not particularly.

Mr. Frank Klees: You have to go to Fasken's and speak with their communications person and some other—

Ms. Cindy Heinz: He was just one of the people.

Mr. Frank Klees: But why was he there?

Ms. Cindy Heinz: It was Lynne, it was Lisa—and we went through it.

Mr. Frank Klees: So there were just the three people there? There was Lynne Golding—

Ms. Cindy Heinz: And their counsel was there.

Mr. Frank Klees: And their counsel?

Ms. Cindy Heinz: Yes.

Mr. Frank Klees: Explain that.

Ms. Cindy Heinz: Fasken's counsel.

Mr. Frank Klees: Who was that?

Ms. Cindy Heinz: Gavin MacKenzie.

Mr. Frank Klees: This is getting even more interesting. You had a meeting with three individuals from Fasken's, two of them lawyers, one of them a communications person, and they each had Fasken's counsel attending with them. Is that right? That's what you're saying?

Ms. Cindy Heinz: They didn't each have counsel, no.

Mr. Frank Klees: So there was one counsel for the three of them?

Ms. Cindy Heinz: Yes.

Mr. Frank Klees: What was the purpose of them having counsel there? What was the counsel's role in this discussion?

Ms. Cindy Heinz: He just listened, and he reviewed the statement, as well.

Mr. Frank Klees: So the product that we have here, that you presented, is the result of vetting that took place; it's the result of a collaboration between counsel to

Fasken, two lawyers at Fasken and a communications person at Fasken. I'm assuming that, with all of that effort, there isn't anything in your statement that would have contradicted any other testimony from Fasken.

1430

Ms. Cindy Heinz: Number one, I'm under oath. Everything in this statement is accurate and completely correct. Number two, I don't believe anybody from Fasken's has given testimony on the things that I thought you would be particularly interested in knowing and that our story had not been heard. We had been told one thing and we were under the impression that our advice had been followed. What instead has been happening is, people have come before this committee and have said certain things that were not true. So it was very important for us to ensure that our advice that we actually gave—and this should be very helpful to you, Mr. Klees, because this is the truth.

Mr. Frank Klees: Well, in that case, I'd like the rest of it. You've given us a partial document.

Ms. Cindy Heinz: A partial document of what?

Mr. Frank Klees: The aircraft purchase agreement certainly isn't all here, is it?

Ms. Cindy Heinz: No, but I had assumed that you had the entire agreement.

Mr. Frank Klees: No, we don't.

Ms. Cindy Heinz: I took excerpts of what I thought you would be most interested in and that would help you understand the issues at the time when we were first asked about this. But I had understood that you had the full agreement.

Mr. Frank Klees: No. We don't.

Ms. Cindy Heinz: I thought you had referred to it.

Mr. Frank Klees: So could you arrange to get that for us, please?

Ms. Cindy Heinz: I can't speak to Fasken's, but again, I know they're co-operative and they would be happy to give you that agreement.

Mr. Frank Klees: Okay, I appreciate that.

Ms. Cindy Heinz: I assume they would, so you just have to ask the managing partner.

Mr. Frank Klees: Thank you.

Ms. Cindy Heinz: You're welcome.

Mr. Frank Klees: As the counsel for Ornge, you are intimately familiar, no doubt, with all of the incorporation documents for the various companies. Is that right?

Ms. Cindy Heinz: I didn't incorporate all of them; a lot of the documents were incorporated by clerks. Just referring to a corporate chart here—I don't know if you all have seen it, but—

Mr. Frank Klees: No, we'd love to get a copy of that. Clerks may have done the documentation, but you oversaw, so you're familiar with all of the companies—

Ms. Cindy Heinz: I'm not familiar with all of the companies. Various people had incorporated them. I was more involved in the incorporation of the earlier companies. Ornge, for example: I had prepared the letters patent, the objects and the bylaws—

Mr. Frank Klees: Let's talk about Ornge, then. That'll narrow it down. Do you recall how the board of directors was appointed?

Ms. Cindy Heinz: When I was at Ornge doing the secondment in 2005, I had drafted the objects up and I had drafted the bylaws. I was given a number of bios of the prospective board members. I think Dr. Mazza had been interviewing people for the positions and had a list of prospective board members. I then took those bios, the draft bylaws and the draft objects, and someone—I can't remember if it was me or Mr. Blum—sent them to the ministry for approval.

Mr. Frank Klees: So the ministry approved the board of directors?

Ms. Cindy Heinz: I don't know if they were asking for approval, per se, but they didn't raise any objection to any of the people who were on the board.

Mr. Frank Klees: But the board was vetted by the minister's office.

Ms. Cindy Heinz: That's my recollection.

Mr. Frank Klees: Do you know if any nominations were made from the minister's office for that board of directors?

Ms. Cindy Heinz: No. The bylaws didn't allow for that. It was a not-for-profit company. There were no ministry appointees, if that's what you're asking. There weren't any.

Mr. Frank Klees: No, no. I'm just asking if there were any nominations from the minister's office.

Ms. Cindy Heinz: No.

Mr. Frank Klees: Okay. So you got the names back. What happened then? How did I become a member of the board of directors? It was kind of a self-baptism, was it?

Ms. Cindy Heinz: No, that's not quite how it works. I think there was a company that had been started, it was Ontario Air Ambulance Services Co., and there was an interim board that was comprised of members of Sunnybrook. Once the performance agreement was signed, and once there was no objection by the ministry of the proposed board members, then that board resigned and elected the new people. In their capacities as members, they elected those new people as members of the board of directors.

Mr. Frank Klees: Okay. Do you recall—I'm assuming that those board meetings took place in a very organized way. Who kept the minutes for those board meetings?

Ms. Cindy Heinz: You know, I don't remember who kept the earlier minutes. In about, I want to say 2008 or something, they decided they needed a corporate secretary, but I think they had various executive assistants take the minutes of those meetings.

Mr. Frank Klees: Who became the corporate secretary?

Ms. Cindy Heinz: There were two. The first one was Melinda Moore, and the second one was, unfortunately, just terminated in January. Her name was Lynne Taylor.

Mr. Frank Klees: Okay. I assume that as the in-house counsel you kept the books or the records of those minutes. Is that right?

Ms. Cindy Heinz: No. That's the job of the corporate secretary.

Mr. Frank Klees: Do you recall, was directors' liability insurance ever applied for or put in place for the directors?

Ms. Cindy Heinz: Yes.

Mr. Frank Klees: And what was the liability limit of that?

Ms. Cindy Heinz: Pardon me?

Mr. Frank Klees: What was the liability limit under that policy?

Ms. Cindy Heinz: I think it went—it morphed; I shouldn't say it morphed. Initially, I think that there was D&O insurance under one—it was like an umbrella policy from HIROC, the Healthcare Insurance Reciprocal of Canada. But then I think, as various things were going and the organization grew, they got their D&O insurance from—I want to say Marsh. I think the limit changed and it increased as we were getting into this structure, but I can't recall the exact—

Mr. Frank Klees: Okay, but it was in place?

Ms. Cindy Heinz: It was in place.

Mr. Frank Klees: Do you recall, were bylaws ever passed to provide indemnification of the directors—

Ms. Cindy Heinz: The actual bylaw of Ornge provides for indemnification of directors in the absence of certain activities.

Mr. Frank Klees: And do you recall, was that the case for all of the several companies, then, that were subsequently incorporated?

Ms. Cindy Heinz: I just recall there being—there could have been, but I only know of D&O insurance for Ornge, Ornge Peel and that Ornge Global Inc. entity. There could have been. They might have. I'm thinking that they might have had an umbrella policy where it covered all of the organizations, but I just remember, before I left the organization, having this conversation with the new board that has just been appointed as to D&O insurance, and we arranged for Marsh to come in and speak to the new board about D&O insurance.

Mr. Frank Klees: Given the several questionable financial transactions that took place, your opinion in terms of potential liability for directors of these companies—if you were a director of any of these companies, would that be of concern to you?

Ms. Cindy Heinz: I mean, you're assuming that—there's an investigation going on. They're going to make the determination of what's occurred. It really depends on what they find out. I would, before all of this happened—

1440

The Chair (Mr. Norm Miller): I just caution, let's not get talking too much about investigations going on, please.

Ms. Cindy Heinz: Yes. I just—Mr. Klees, I'm not a director, I can't really speak to it.

Mr. Frank Klees: Have you been a shareholder of any of the several organizations?

Ms. Cindy Heinz: No.

Mr. Frank Klees: You were never kind of let into the inner circle?

Ms. Cindy Heinz: No.

Mr. Frank Klees: Okay. Are you glad about that now?

Ms. Cindy Heinz: Pardon?

Mr. Frank Klees: Are you pleased about that now?

Ms. Cindy Heinz: My life has been through enough change.

Mr. Frank Klees: I'd like to—how much time do I have?

The Chair (Mr. Norm Miller): You have three minutes and 15 seconds.

Mr. Frank Klees: Okay. Don Guy pulled back his last invoice. In all the time that you've been in business, as a professional, have you ever experienced a consultant withdrawing a bill for consulting services?

Ms. Cindy Heinz: I don't think I knew that he had done that.

Mr. Frank Klees: Yes, he did that. Do you have any sense of why he might have done that?

Ms. Cindy Heinz: No, I don't. I don't know Mr. Guy, I've never met Mr. Guy, I've had no interaction with Mr. Guy.

Mr. Frank Klees: It was just around the time when there was some media activity around Ornge and, for some reason, Mr. Guy decided to withdraw his invoice. I just thought maybe you would know why that took place.

Ms. Cindy Heinz: No, I wasn't even aware of that retainer of Mr. Guy. I had heard about it, actually, through someone at Fasken's asking me about an invoice that they had received. But I didn't even know at the time that he had been retained.

Mr. Frank Klees: Do you know who introduced Alfred Apps to Ornge?

Ms. Cindy Heinz: That was me.

Mr. Frank Klees: That was you?

Ms. Cindy Heinz: Yes. It was back in 2007 when Maria Renzella came to me and said, "Dr. Mazza wants to buy aircraft. He doesn't have the money. How do we do that?" I went to the firm and I looked for an aircraft financing expert. I sent out a broadcast memo to see if there was any expertise within the firm. One gentleman came forward, but he said that he didn't really seem to have the kind of expertise we were looking for, so I started looking through the firm website to see if there was anybody in the firm who could help. He was noted as a structured finance expert, and I called him. Prior to that time, I didn't know him; we hadn't worked together. I called him and I said, "This is what this client would like to do. Do you think you can help them?" And he got very excited and he said, "Absolutely."

So that was me, but I didn't know him before then.

Mr. Frank Klees: So you made his day; you gave him a call, and look what happened.

Ms. Cindy Heinz: Look what happened.

Mr. Frank Klees: Thank you very much.

Ms. Cindy Heinz: Thank you.

The Chair (Mr. Norm Miller): Thank you. You have five minutes each for one more round.

We'll move to the NDP. Ms. Gélinas.

M^{me} France Gélinas: Quickly. I have read some of the papers that you have written in Health Law in Canada. Some of them, actually—I was quite happy when you wrote about Bill 179: A Missed Opportunity for Collaborative Care in Ontario. I also saw that you did this with your articling students. Anyway, that's something that I was interested in; I was pleased to read that.

I also saw that you co-authored a paper with Mr. Steeve, and I was wondering, what is your relationship with Jamison Steeve?

Ms. Cindy Heinz: Jamison: I believe he was a young associate. That was probably back in 2003-04. I think that was when the Romanow report came out. We worked on a publication together, but Jamison left the firm years ago. I haven't seen him nor have I spoken to him since he left the firm.

M^{me} France Gélinas: Okay, so you worked with him on that paper and then you never saw him again?

Ms. Cindy Heinz: He was a member of our health law group, but I haven't talked to him; I haven't seen him. He's a very nice man.

M^{me} France Gélinas: So when was the last time you saw or talked to Jamison?

Ms. Cindy Heinz: Probably when he left the firm.

M^{me} France Gélinas: So that's about 2003?

Ms. Cindy Heinz: Well, was it 2003? If that's when he left the firm, then it would be 2003.

M^{me} France Gélinas: Okay. So, coming back to the workings with Mr. Apps, Mr. Apps was the expert for structure, a financial expert, and he went on to design this corporate structure for Ornge. In your view, why was such a complex structure created?

Ms. Cindy Heinz: My understanding is there was a need for most of these companies. When we started this, there was just Ornge, and then there was Ornge Peel and there was the foundation and J Smarts—I think there was an Ornge Co. in there somewhere. It was a relatively straightforward structure. At the time when they were looking to purchase the aircraft and do it by way of a bond, Mr. Apps had said that investors don't want to invest in subsidiaries of charities and that you normally do this through a partnership or a trust. That's when OIT was formed. It went from there. Then, when there was the for-profit business, they were looking for an entity or a structure, which was a limited partnership, that would be investible, that would be attractive to investors. I don't know much about this, but right there, with a limited partnership, you have three entities. You have the actual partnership, and then you have your limited partner and your general partner. So you already have three there.

M^{me} France Gélinas: So the structure is there, as complex as it is. Some people say that it evolved under the guidance of Mr. Apps to be what it was before it got all rolled back. None of them ever did anything to be in

business. Sure, there was an issue, offering money came. The only business transaction that we saw was really the real estate, where the not-for-profit pays the for-profit more than what the for-profit bought the real estate for. Then there was the marketing service agreement where, again, the not-for-profit has given a whole bunch of money that comes back to the for-profit to go someplace else.

You were there. You saw all that. There was never a red flag raised?

Ms. Cindy Heinz: It seemed to me, at the time, that there was a need for these companies, and when you're trying to get investors in—that's not my area of expertise. I'm not a structured finance expert. That's completely beyond my area of expertise. I wasn't involved in the credit lease transaction. I don't know a lot about the credit lease transaction. I had a hard time following it and understanding it. I wasn't involved in that. But insofar as I was aware, every company had its purpose.

M^{me} France Gélinas: You've worked—

The Chair (Mr. Norm Miller): We are out of time here. We'll move to the government. You have five minutes. Mr. Zimmer.

Mr. David Zimmer: Thank you, Chair. Five minutes for the Liberal side, right? Yes.

This morning you gave what I thought was a very moving statement, this sort of general overview about what went wrong, how this all happened. You spoke about some characteristics of Dr. Mazza's personality and ambition and so forth. I was quite taken by that. You're a lawyer of 21 years' experience, obviously very skilled and talented at what you do. You've been through some difficult pressures in the last months or so. As you did this morning—offered that general overview of what the problem was with Dr. Mazza and his ambition and his personality—in hindsight, what lessons have you learned from this exercise as a lawyer and what advice would you offer to a younger lawyer about to start his or her career in a position something like yours who might fall into a similar sort of scenario like Ornge in the next couple of years? What lessons did you learn? What advice would you offer to that younger lawyer who wants to avoid this mess?

1450

Ms. Cindy Heinz: There are always lessons to be learned and there is definitely room for improvement. Looking back, I think we could have done a better job at persuading him to slow down, to move more deliberately in what he was doing in trying to expand the business. At the time, I think we all thought that we were doing what we could to try and slow him down, but sometimes they took our advice and sometimes they didn't. I guess the lesson learned is, we probably should have tried to do more to persuade him to move more slowly and more deliberately.

Mr. David Zimmer: Thank you.

The Chair (Mr. Norm Miller): Ms. Sandals.

Mrs. Liz Sandals: Yes. As we think about all the money that flowed through your firm, when you get right

down to it, why were Mr. Giorno and Mr. McCarthy essentially spending so much government money to lobby their own Harris/Eves government?

Ms. Cindy Heinz: I don't know, Ms. Sandals.

Mrs. Liz Sandals: How can you possibly justify that tens of thousands of dollars from the Ontario Ministry of Health are being handed over to Fasken's so that Giorno, McCarthy and Golding can effectively take government money to turn around and lobby the government when they've all got such close ties to the government?

Ms. Cindy Heinz: I don't know. They tried to do it the proper way. They registered for lobbying. They knew that legislative reform was needed. That could take some time. That's all I can tell you.

Mrs. Liz Sandals: So if you're properly registered, that makes it okay to take money from the government and to, particularly in the case of Ms. Golding—and I know you've said that she wasn't always directly involved, but she was certainly involved in some of the conversations—take money from the Ministry of Health when her husband is the Minister of Health, cycle that through the law firm and have that pop up at the other end of a very lucrative contract? It seems a very unusual relationship.

Ms. Cindy Heinz: As I said, I'm not sure how all of that was paid for, and I don't want to speculate. I think that would better be answered by someone in finance.

Mrs. Liz Sandals: I think we can be sure it wasn't coming out of Dr. Mazza's personal pocket, so it had to be coming out of ministry funding.

The Chair (Mr. Norm Miller): We are out of time. We have five minutes left for the opposition. Mr. Klees.

Mr. Frank Klees: Thank you. We left off with Alf Apps. I'd like to just get back to him. Obviously your introduction meant a great deal to Mr. Apps. He must have been very grateful to you for that. No doubt you became good friends. He—

Ms. Cindy Heinz: Did you say we've become good friends?

Mr. Frank Klees: I would think so.

Ms. Cindy Heinz: We're not close, Mr. Apps and I.

Mr. Frank Klees: Mr. Apps did a lot of contract work, I'm assuming, with all of these various details of his work. Subsequently, there would have been a number of meetings that he had with government ministers' offices and so on to explain things and so on. Do you recall Mr. Apps making arrangements for presentations to ministers and so on?

Ms. Cindy Heinz: I understood, just because I go through the bills, that he was arranging meetings with people from the government.

Mr. Frank Klees: Yes.

Ms. Cindy Heinz: When we discussed it, he said, "And by the way, I don't have to register because I am"—I just want to get the words right—"because I am not asking the government for anything. I'm only pro-

viding them with information, and I'm telling them a good-news story."

Mr. Frank Klees: And when did you have that conversation with him?

Ms. Cindy Heinz: Well, that would have been in the fall of 2010, when these meetings and things were being arranged.

Mr. Frank Klees: Did you find it strange that he would go out of his way to say, "I don't have to register as a lobbyist"?

Ms. Cindy Heinz: No. I mean, I didn't—I don't know, Mr. Klees, whether I had asked him, "Well, have you registered?" I know that he was looking into registering. I think we had had that conversation before, and then he just followed up to say, "I don't have to because, in my view, I'm not asking for anything. I'm just telling a good-news story."

Mr. Frank Klees: Mr. Apps was very politically active, and I understand that on occasion he would host little fundraising receptions at the firm. Did you ever attend any of those?

Ms. Cindy Heinz: No.

Mr. Frank Klees: But you knew that they were taking place? You would hear about them?

Ms. Cindy Heinz: I don't know about—is there a specific one? I'm not sure—

Mr. Frank Klees: Are you aware that he did that?

Ms. Cindy Heinz: That he had—

Mr. Frank Klees: That he held fundraising receptions there?

Ms. Cindy Heinz: Yes, vaguely. Vaguely.

Mr. Frank Klees: Okay.

Ms. Cindy Heinz: I'm not a political person.

Mr. Frank Klees: You're not a partisan-type person.

Ms. Cindy Heinz: No, I'm not.

Mr. Frank Klees: In retrospect, is there anything on a specific case that was going on that you would have advised the board of directors about, about which you had concern?

Ms. Cindy Heinz: If I would have had an inkling, believe me, I would have gone to my managing partner. As I said, I would have gone to the board.

The toll this has had, no client is worth it. If there was any indication, I would have followed my obligations and responsibilities of the law society, and I would have done what I needed to do, right?

Mr. Frank Klees: You would have.

Ms. Cindy Heinz: I would have.

Mr. Frank Klees: There were occasions when you didn't?

Ms. Cindy Heinz: I would have, if I had an inkling.

Mr. Frank Klees: I see. Thank you.

Ms. Cindy Heinz: Thank you.

The Chair (Mr. Norm Miller): Thank you very much for coming before the committee this afternoon.

The committee is adjourned.

The committee adjourned at 1500.

CONTENTS

Wednesday 6 June 2012

Committee business.....	P-323
Subcommittee report	P-323
Special Report, Auditor General: Ornge Air Ambulance and Related Services	P-324
Mr. Trevor Kidd.....	P-324
Ms Cindy Heinz	P-340

STANDING COMMITTEE ON PUBLIC ACCOUNTS

Chair / Président

Mr. Norm Miller (Parry Sound–Muskoka PC)

Vice-Chair / Vice-Président

Mr. Toby Barrett (Haldimand–Norfolk PC)

Mr. Toby Barrett (Haldimand–Norfolk PC)

M^{me} France Gélinas (Nickel Belt ND)

Mr. Phil McNeely (Ottawa–Orléans L)

Mr. Norm Miller (Parry Sound–Muskoka PC)

Mr. Reza Moridi (Richmond Hill L)

Mr. Jerry J. Ouellette (Oshawa PC)

Mrs. Liz Sandals (Guelph L)

Mr. Jagmeet Singh (Bramalea–Gore–Malton ND)

Mr. David Zimmer (Willowdale L)

Substitutions / Membres remplaçants

Mr. Frank Klees (Newmarket–Aurora PC)

Mr. John Vanthof (Timiskaming–Cochrane ND)

Also taking part / Autres participants et participantes

Mrs. Christine Elliott (Whitby–Oshawa PC)

Mr. Taras Natyshak (Essex ND)

Mr. Jim McCarter, Auditor General

Clerk / Greffier

Mr. William Short

Staff / Personnel

Mr. Ray McLellan, research officer,
Legislative Research Service

W-ON
XC21
-P72

GOVERNMENT
Publication

P-13



P-13

ISSN 1180-4327

Legislative Assembly of Ontario

First Session, 40th Parliament

Assemblée législative de l'Ontario

Première session, 40^e législature

Official Report of Debates (Hansard)

Wednesday 13 June 2012



Journal des débats (Hansard)

Mercredi 13 juin 2012

Standing Committee on Public Accounts

Special report, Auditor General:
Ornge Air Ambulance and
Related Services

Comité permanent des comptes publics

Rapport spécial, vérificateur
général : Services d'ambulance
aérienne et services connexes
d'Ornge

Chair: Norm Miller
Clerk: William Short

Président : Norm Miller
Greffier : William Short

Hansard on the Internet

Hansard and other documents of the Legislative Assembly can be on your personal computer within hours after each sitting. The address is:

<http://www.ontla.on.ca/>

Index inquiries

Reference to a cumulative index of previous issues may be obtained by calling the Hansard Reporting Service indexing staff at 416-325-7410 or 325-3708.

Le Journal des débats sur Internet

L'adresse pour faire paraître sur votre ordinateur personnel le Journal et d'autres documents de l'Assemblée législative en quelques heures seulement après la séance est :

Renseignements sur l'index

Adressez vos questions portant sur des numéros précédents du Journal des débats au personnel de l'index, qui vous fourniront des références aux pages dans l'index cumulatif, en composant le 416-325-7410 ou le 325-3708.

Hansard Reporting and Interpretation Services
Room 500, West Wing, Legislative Building
111 Wellesley Street West, Queen's Park
Toronto ON M7A 1A2
Telephone 416-325-7400; fax 416-325-7430
Published by the Legislative Assembly of Ontario



Service du Journal des débats et d'interprétation
Salle 500, aile ouest, Édifice du Parlement
111, rue Wellesley ouest, Queen's Park
Toronto ON M7A 1A2
Téléphone, 416-325-7400; télécopieur, 416-325-7430
Publié par l'Assemblée législative de l'Ontario

LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
PUBLIC ACCOUNTSCOMITÉ PERMANENT DES
COMPTES PUBLICS

Wednesday 13 June 2012

Mercredi 13 juin 2012

*The committee met at 0816 in room 151.*SPECIAL REPORT, AUDITOR GENERAL:
ORNGE AIR AMBULANCE
AND RELATED SERVICES

The Chair (Mr. Norm Miller): It being 8:15, I call this meeting to order.

We wanted to start early this morning because we have a couple of motions to deal with, so we wanted to get those looked after before our first witness this morning.

I believe we have a couple of motions from Mr. Klees, so if you want to start—and I would just note, Mr. Klees, that you did have one motion to do with calling a witness. I just want to note that you filed that but it's not necessary, because we'll just add it to the list of witnesses to come before the committee.

Mr. Frank Klees: Yes, I heard.

Mrs. Liz Sandals: But with regard to this witness, Will had said that he had a bunch of requests and he was going to explain who these people were and why they wanted to appear. We had asked for more information on who they were. Do you remember that email exchange?

The Chair (Mr. Norm Miller): Yes. This was one of the witnesses who had volunteered to come before the committee.

Mrs. Liz Sandals: Yes, and I think France and I had—

Mr. Frank Klees: No, this was not.

The Chair (Mr. Norm Miller): Oh, this was not.

Mr. Frank Klees: Mr. Wade is one who I called and asked if he would come. This was not one of the volunteers. But I agree with you: We did say to Will that what we would want, as a committee, is a list of those names and some background on them so that we can discuss what order of priority we would place on calling them.

The Chair (Mr. Norm Miller): Of course, Will is away with strep throat today, but Katch may be able to fill us in.

It should also be noted—I'm sure everyone did note—that Will and his wife gave birth to a baby girl.

Mrs. Liz Sandals: Oh, wonderful. When did that happen?

The Chair (Mr. Norm Miller): So I don't know whether the strep throat is the result of sleepless nights since the birth, or what.

Interjections.

Mrs. Liz Sandals: Friday? My goodness!

The Chair (Mr. Norm Miller): Congratulations to Will and his wife. Audrey, I believe, is the name of their daughter.

Anyway, back to business—

Mrs. Liz Sandals: So this Bruce Wade, we're just adding to the list, then?

The Chair (Mr. Norm Miller): Yes, that's just added to the list, and there were some witnesses who had asked to come before the committee. I believe Will was going to try to get some background information on those people for us.

Go ahead, Mr. Klees.

Mr. Frank Klees: All right. I'll deal with the documents request; actually, I have two of them.

I move that the Standing Committee on Public Accounts, herein "the committee," under standing order 110(b), stating that "each committee shall have power to send for persons, papers and things," directs the Minister of Health and Minister of Finance as well as the Ministry of Health and Ministry of Finance to produce, within a fortnight, all correspondence, in any form, electronic or otherwise, that occurred between January 1, 2007, and June 8, 2012, that mentions the following words, terms and names: "Mazza," "Lepine," "Ornge," "Alfred Apps," "Don Guy," "air ambulance."

The Chair (Mr. Norm Miller): Any discussion? All in favour? Carried.

Mr. Klees.

Mr. Frank Klees: I move that the Standing Committee on Public Accounts, pursuant to standing order 110(b), whereby "each committee shall have power to send for persons, papers and things," requests a copy of any and all correspondence including letters and/or emails from/to and between Malcolm Bates, director of the emergency health services branch, and the following people: Ruth Hawkins, of the Ministry of Health and Long-Term Care; Mary Kardos Burton, former ADM, acute services division; Patricia Li, ADM, direct services division; and Fred Rusk, former staff member at EHS branch; or any other staff member at the EHS branch, in which the reference is made to Ornge, or gives direction concerning the role that the EHS branch is to have concerning Ornge, or relates to allowing Dr. Mazza to do whatever he determines appropriate at Ornge and not to obstruct him during the period October 1, 2005, and the last day of February 2007, or makes any reference to how the EHS branch and its staff is to monitor, oversee, hold

accountable or review the performance of Ornge, and that said correspondence be delivered to the clerk of the public accounts committee no later than Tuesday, June 19, 2012.

The Chair (Mr. Norm Miller): Discussion? Yes, Mr. Zimmer.

Mr. David Zimmer: Unlike the first motion that Mr. Klees did, which was quite specific—it's easy to search the records because you punch in the names "Mazza," "Lepine," "Ornge," "Apps," "Guy" and "ambulance" and it spits out the documents. I have a concern that whoever this document goes to, the motion to go and search for these documents—a lot of it is pretty subjective. Somebody is going to have to make some discretionary calls when they search the records. How will the person or persons who have to act on this motion—there's a lot of general stuff they're going to have to sort out. I'm just concerned about how that's all going to play out.

The Chair (Mr. Norm Miller): I believe Mr. Bisson has a comment.

Mr. Gilles Bisson: I don't think there's much in the way of the discretion. The standing orders are clear that the committee has a right to request papers, and if the names and the information that are contained in those records, as per the motion, have to be provided, there's no discretion.

Mr. David Zimmer: No, no. I recognize the committee can order up the documents. I'm the same. When this motion or the order goes to the folks at Ornge, there could be some difficulty in interpreting just what documents they should pull out of the files and send us. I don't want anybody getting in trouble at that end saying they—they're going to have trouble—

The Chair (Mr. Norm Miller): Executing. Mr. Klees.

Mr. Frank Klees: Chair, there is a very specific reason as to why I kept it as general as it is, and the reason is the very offensive letter that we all received from the Deputy Minister of Health last evening. I'll have much more to say about that letter, in which it's very clear that this Ministry of Health has no intention of co-operating with this committee in terms of producing documentation.

So, to Mr. Zimmer and to the rest of the committee, I just say, I think that the message has to go to the ministry that we want the documentation that's being requested, and if it's a pile, I'm happy to go through it, but that's the reason for the generality. I am very concerned about this letter from the deputy minister.

I just noticed, Mr. Chair, that there was a typo here on this last motion.

The Chair (Mr. Norm Miller): Yes.

Mr. Frank Klees: It should read "February 2012," not 2007. I'm not sure how that date got missed.

The Chair (Mr. Norm Miller): So it should read "the period October 1, 2005, and the last day of February 2012."

Mr. Frank Klees: That's right.

Mr. David Zimmer: Are we on Hansard?

The Chair (Mr. Norm Miller): Yes.

Mr. David Zimmer: I just wanted to get it on Hansard that I foresee there may be a problem in figuring out just what documents are necessary to comply with the motion. I anticipate it's going to be passed.

The Chair (Mr. Norm Miller): Mr. Bisson.

Mr. Gilles Bisson: For Hansard, I want to be very clear. The information they have provided is pretty specific within the motion, and it says any of the "words, terms and names" come up under Mazza, Lepine, Ornge, Alfred Apps or—

Interjections.

The Chair (Mr. Norm Miller): We passed that one.

Mr. Gilles Bisson: Oh, the other one. Sorry. Same idea, the same thing; the motion is quite explicit. It says that if that information comes up, you're to produce it. There's no discretion as to which document, if it has two words or two sentences or two paragraphs about that particular subject, no matter, they must provide all the information.

The Chair (Mr. Norm Miller): Ms. Sandals.

Mrs. Liz Sandals: What I was actually going to ask is, how is that substantively different than the motion that we passed on, I think, May 30?

The Chair (Mr. Norm Miller): Mr. Klees.

Mr. Frank Klees: It's substantively different because there are a number of additional names referenced there. Quite frankly, I'm willing to give the branch and the ministry one more opportunity to comply with this request.

For the record, Mr. Chair, I believe that the Ministry of Health is obstructing this committee in our request for documentation. I will have some evidence of that and we'll deal with that at another time, but I can tell you that the Deputy Minister of Health has some explaining to do with regard to this letter that we received. I'd just like to suggest that the motion that I've put forward has been worded as it is for a very specific reason.

The Chair (Mr. Norm Miller): Okay. Any other discussion? All in favour? Opposed? Carried.

We have another motion from Ms. Sandals.

Mrs. Liz Sandals: Yes, and I don't want you to accuse me of filibustering, so I'm wondering, Clerk, if it's possible—is there some way we can make reference in the motion to the attached list instead of reading this all into the record?

The Chair (Mr. Norm Miller): Yes, there is. I'll get our clerk, Katch, to explain how you might do that.

The Clerk Pro Tem (Mr. Katch Koch): You can move the motion. If a member of the committee asks that it be dispensed, then I will capture it in the minutes—

Mrs. Liz Sandals: So if I start into the first two or three, you will say—I invite you all to say, "Dispense," please.

M^{me} France Gélinas: Count on me, Liz. I'll be there for you.

Mrs. Liz Sandals: Thank you.

Mr. Frank Klees: Can we do that before you start?

Mrs. Liz Sandals: No, you need to let me get into about two lines of the list and then say, “Dispense,” and we’ll all be happier.

That, pursuant to standing order 110(b) of the standing orders of the Legislative Assembly of Ontario, the Standing Committee on Public Accounts request a copy of any document referred to, directly or indirectly, in the following time dockets from the report entitled “Time Docket Report Raw Data Between 02/01/2000 and 05/28/2012,” produced by Lynne Golding, partner, Fasken Martineau DuMoulin LLP, and that the documents be produced by no later than July 13, 2012:

Timecard index 1558553, dated 01/06/2003—

Mr. Gilles Bisson: Dispense.

Mrs. Liz Sandals: Thank you.

0830

The Chair (Mr. Norm Miller): Okay. Any discussion on this motion? All in favour? Yes, Ms. Gélinas?

M^{me} France Gélinas: I just want to be sure we’re asking for any document referred to in those, but they would not necessarily be documents by Lynne Golding, because sometimes she refers to documents that have nothing to do with her.

Mrs. Liz Sandals: If I may, what we got was the billings for Fasken related to Ornge, and it’s quite specific. This is not all the billings for that period, which is why we’ve got this lengthy list, but they are billings in which references are made to documents: a document was prepared, a document was discussed or a document was sent, something like that. So in each of these billings, there’s obviously some docket which is, in the round-about way we discussed, being produced at public expense.

M^{me} France Gélinas: Perfect. So it’s all-encompassing?

Mrs. Liz Sandals: Yes.

M^{me} France Gélinas: Okay.

The Chair (Mr. Norm Miller): All in favour? Carried.

Very well. Legislative research had asked last week for an opportunity to update members, so this would be a good time.

Mr. Ray McLellan: Just a few minutes of your time, if I could: We’ve discussed a bit in subcommittee that my role, leg research’s role, has been somewhat different on this committee, looking at Liz and Mr. Zimmer and maybe Mr. Bisson, than the way we’ve approached reports on this committee over the last couple of decades. Nevertheless, we’re into new territory here and I have to be as helpful as I can to get us through this new experience.

In subcommittee, going back to a couple of weeks ago, I thought a bit about it and I thought to myself, probably the most useful thing that I could produce at the end of this spring session as of today, before we go into the summer session, is to look at the documentation, essentially to go through Hansard. I think Mr. Klees had made reference to the importance of doing cross-referencing to Hansard pages, specifically, but to go through

kind of issue by issue for each witness. It’s a long process, because we’re dealing with, I don’t know, 50 or 60 individuals, but to go through by individual and issue by issue, and essentially take the committee’s issue and the response from the witness as to their position so we can go through item by item by item.

Another option is to kind of take all of those responses by issue, if it’s the bond, and kind of parcel those up. But at least, it seems to me that at the end of the day we would be able to go through that 50- or 60-page document, or you would, and it would help us get to the next stage, and the next stage may or may not be a report, and at that point, and through Liz, we’d start to talk about recommendations and say, “Leg research should construct a report essentially addressing these recommendations.” This would be an interim document and I think it would tend to shape out who said what about what given issue, if it’s the bond or if it’s aircraft safety or if it’s purchases or what have you. Any ideas on that to make it more useful would be helpful to me.

The Chair (Mr. Norm Miller): We now have four people who want to speak. Mr. Klees, you were the first with your hand up.

Mr. Frank Klees: I like that direction. I think it makes good sense. I’d ask for one other component to that, though, if you could, and that is also in those sections the subject matter that’s being addressed, whether it’s oversight, whether it’s—

M^{me} France Gélinas: Marketing agreement.

Mr. Frank Klees: —the marketing agreement, or whether it’s paramedics or so on, that you also reference the Auditor General’s report and the pages of the Auditor General’s report under those particular headings, because at the end of the day, what we want to do, obviously, is tie that all together, so that would be very helpful.

The Chair (Mr. Norm Miller): Very well. Ms. Sandals?

Mrs. Liz Sandals: Actually, I was going to make the same suggestion, just to be clear that we’re going to do this by issue. The transcript of an individual witness we can get from Hansard. It’s when you organize it by issue that it becomes useful to us, because then we’ve got all the conversation about one issue in one place. That re-organization is where your work becomes really, really useful. I agree that we should start with the auditor’s commentary on whatever that issue is.

Mr. Ray McLellan: Yes, and I think, with respect to the auditor’s report, just to make it somewhat manageable so it’s not too long, it should probably make reference specifically to recommendations. I wouldn’t want to put too much of Mr. McCarter’s information in, but at least we’d have the reference and the section, and maybe just focus on the recommendation, if that would be adequate. I don’t know.

Mrs. Liz Sandals: Or could you at least reference where he has raised the issue?

Mr. Ray McLellan: Yes.

Mrs. Liz Sandals: Like Augusta: If I recall, the auditor raised the issue of this controversy over how much they

should be paid for and the fact that this seemed to match up with the marketing agreement. I'm not sure you made any recommendation, but it would be useful to know that the auditor has noted this as an issue, even if he didn't have a specific recommendation.

Mr. Jim McCarter: There would certainly be issues in the report where we wouldn't necessarily have a recommendation. A good example would be salaries, where we raised the issue of salaries with the ministry back in September, but by the time we issued the report, it had been addressed.

I would agree with Ms. Sandals. There could be some issues where we did comment in the report and we may not have had a specific recommendation, but it might be worthwhile for the committee to just notice, in legislative research's report, that the auditor expressed concern about whatever it was.

Mrs. Liz Sandals: Exactly.

Mr. Ray McLellan: And that could be cross-referenced, so that you know what page to go back to and what section to go back to.

Mrs. Liz Sandals: Yes. Give us a couple of sentences and the cross-reference back to his report, and then the cross-references to Hansard and the witnesses.

Mr. Ray McLellan: Okay. As I was kind of working through it in my mind, the other thing that I think is helpful is to provide details, as we would in any other report. You would know that we provide a list of constructive initiatives undertaken by the auditee with respect to Mr. McCarter's report. I think that to specifically say, in the front of the report—and they did a reasonably good job of listing all the steps they've taken. I think it's important to kind of balance that off, before we get into the testimony section.

Mrs. Liz Sandals: Sounds good.

The Chair (Mr. Norm Miller): Mr. Zimmer, you had a comment?

Mr. David Zimmer: My points have been covered.

The Chair (Mr. Norm Miller): Ms. Gélinas?

M^{me} France Gélinas: I'm just throwing it out there, and you certainly don't have to go with this. I think it would be useful—we did that in the select committee on mental health—to do a report that is what we heard. It would not necessarily show everything that the ministry has done. I think it could be done in the final report, but because this is such an extensive number of witnesses coming forward, everything stayed, as what has been stated this morning. Some of the headers from the auditor's report are very appropriate as to "Here is what we've heard" and do the reference and do all of this.

On some of the elements, we heard a number of witnesses all going in the same direction, and then a number of witnesses telling us exactly the opposite. So you can certainly regroup this under the headings. But the document you would produce for the end of this session would be strictly focused on witness testimonies of what we've heard. This would be a document that would be produced, which everybody could read, that would be separate from, at the end of all this, "Here are our

recommendations," which would be more focused on the recommendations that the auditor has done.

It's just for ease of use that I'm putting this out. I realize that we've never functioned this way at public accounts, but I think it has value.

Mr. Ray McLellan: Maybe I can just respond to that. With respect to the testimony from Ornge and from the ministry, you're suggesting that that particular response would be something that would be dealt with later on in a report.

0840

M^{me} France Gélinas: The testimony of the ministry, certainly, because they came and testified, would be included.

Mr. Ray McLellan: That's what I was thinking, yes.

M^{me} France Gélinas: But the written response that usually happens—the auditor made recommendations, submitted them to the ministry; the ministry responds to it.

Mr. Ray McLellan: Right.

M^{me} France Gélinas: I think this will come in our final report, but what we would do in the interim will be focused on what we've heard.

Mr. Ray McLellan: And I'm in agreement with that and that's what I understand this document to do. It's essentially to collect up those responses to issues identified by this committee. So I think we're on the same wave—

M^{me} France Gélinas: Okay.

Mr. Ray McLellan: But my concern was, I thought we weren't clear with respect to testimony received from the deputy minister. When I was speaking with Ms. Sandals, I was saying that that should be part of this background.

M^{me} France Gélinas: Yes. Okay. I think we're all on the same wavelength. I know it's none of my business to tell you how to do your job, so you'll take it as advice and you can do with it whatever you want. Try to make the read of the thing as easy as possible. Please put the referencing in footnotes at the bottom so that when somebody reads it, we're not forever interrupted in our reading with parentheses of which witness and the dates and the Hansard and all of this. If it could read easy, with footnote 1, 2, 3 at the bottom, and at the bottom would be—

Mr. Ray McLellan: For Hansard references.

M^{me} France Gélinas: Hansard references, as well as if you're referencing the document of the auditor or anybody else. But when we read the document, it would be a summary of the testimonies, and the background information would be at the bottom in footnotes, at the bottom of the page where you make reference, just to make it easier to read.

Mr. Ray McLellan: We won't debate the footnotes, but I would say this, though: Because I'm going to be using a lot of footnotes, what would happen is I'd end up with a large chunk at the bottom with maybe 30—my preference would be, at the end of it, to end at a summary statement, to put brackets and just put "H-Hansard-32."

M^{me} France Gélinas: Okay.

Mr. Ray McLellan: If not, I'm going to end up wasting a lot of space.

M^{me} France Gélinas: I trust you, as long as when we read it—

Mr. Ray McLellan: You'll know where to go back; you'll be able to go right back to Hansard. In some cases, I may use a direct quote. Hopefully, I won't have to do that and I can just paraphrase and essentially say, "The witness discussed; response with respect to the bond or safety on this page. The critical points were A, B and C."

Because we're going to be dealing with about 500 pages of testimony, we've got to reduce it down to 50, so we're really going to have to condense it as best as possible. Anyway, I think that's probably—

The Chair (Mr. Norm Miller): Okay. Auditor, do you still have a comment?

Mr. Jim McCarter: The only point I was going to make, just to help Ray out, was whether the committee wanted an exact quote—let's say you're talking about the dispatch system or the marketing agreement. Did the committee want exact quotes—"Here are four or five things Mr. Smith said"—or did the committee want Ray to try to paraphrase that? I'm just trying to—

Mr. Ray McLellan: I appreciate that. As I say, I have to go from 450 pages to 50, so in some instances, as I said, I may do a direct quote, where you couldn't possibly improve on what was said. But if I can, I'll paraphrase, essentially saying, "The witness discussed the issue of the bond, and the ministry's position is X," to try to be as tight as possible.

M^{me} France Gélinas: Yes, absolutely.

Mr. Ray McLellan: Then I'll have longer notes that—I'll be able to go back and elaborate. If you say, "Let's elaborate on this," I'll be able to do it, but I have to bring it as tightly as possible.

The Chair (Mr. Norm Miller): Ms. Sandals?

Mrs. Liz Sandals: I know what France is getting at in terms of the way we did the select committee as a two-parter, but I don't actually see this as a draft report. I see this as a research document so that we can start to organize our thinking. I'm not expecting it to look like a draft report. I'm expecting it to help us organize all this information we've collected.

Mr. Ray McLellan: It really is a checklist for us.

Mrs. Liz Sandals: Yes.

Mr. Ray McLellan: Because, clearly, before the committee—if it decides to write a report, it has to answer certain fundamental questions with respect to this service in Ontario. There have been varying opinions on that as to what it's going to look like for Ontario going forward. I think we're probably a way from actually making comments on that, but I'm in the committee's hands. Hopefully, that captures it. If there are any other great ideas, please let me know and we can shape it a bit and change it so it's useful.

M^{me} France Gélinas: Good luck.

Mr. Ray McLellan: Yes.

MR. FRED RUSK

The Chair (Mr. Norm Miller): Okay, I think we're pretty much ready to start with our witness for this morning. Mr. Fred Rusk is here. Welcome to the committee, Mr. Rusk, and thank you for coming in. Just to confirm, you received the information for a witness coming before the committee?

Mr. Fred Rusk: I did.

The Chair (Mr. Norm Miller): Very well. Our clerk has an oath or affirmation for you, whichever you so choose.

The Clerk pro tem (Mr. Katch Koch): Mr. Rusk, if I could ask you to raise your right hand:

Do you solemnly swear that the evidence that you shall give to this committee touching the subject of the present inquiry shall be the truth, the whole truth and nothing but the truth, so help you God?

Mr. Fred Rusk: I do.

The Chair (Mr. Norm Miller): Very well. You have some time for an opening statement, and then we'll have time for questions amongst the three parties.

Mr. Fred Rusk: I really don't have an opening statement, I'm afraid, but please feel free.

The Chair (Mr. Norm Miller): That's fine. Then we'll start with the official opposition. Mr. Klees, you'll have roughly 20-minute periods of time.

Mr. Frank Klees: Mr. Rusk, thank you for coming here today. I appreciate it.

Mr. Fred Rusk: You're welcome.

Mr. Frank Klees: I've been looking forward to having a chance to discuss this file with you. I understand that you were actually, can I use the term, the founding father of Ontario's helicopter EMS service.

Mr. Fred Rusk: You might want to call me that. Back in 1977—I guess it was 1976—I was asked to be kind of a technical adviser to the ministry on the concept of an air ambulance to support the Sunnybrook trauma centre, which at the time was the only trauma centre in Ontario. Myself and another chap looked at different companies and other services from around North America, and we came back and gave a report. From that, the ministry decided to have an RFP to have helicopter support for Sunnybrook. In 1977, that contract was won by a consortium of five helicopter companies, basically melted down now to Canadian Helicopters; it was a number of different companies involved over the years before they became Canadian Helicopters. So I guess if I'm the father, thank you very much.

Mr. Frank Klees: Well, it's interesting, because when Ornge went out to the market with a very large bond offering, if you look at that offering memorandum—I don't know if you've seen it—it repeatedly makes reference to the excellent reputation that Ontario's air ambulance system has worldwide.

Mr. Fred Rusk: Correct.

Mr. Frank Klees: And although it was claiming that, of course, for itself, it didn't have any history at that point. The only history it had was Ontario's air ambu-

lance system, which is the one that you initiated and, I'm assuming, provided leadership to over the course of those years. So 1997 was the year it was launched—

Mr. Fred Rusk: 1977.

Mr. Frank Klees: 1977.

Mr. Fred Rusk: October 1977.

Mr. Frank Klees: What was your role in that unit, if you could just give us some sense of your role, and also tell us something about the unit of people that you then put together to help manage that?

Mr. Fred Rusk: My role ended after the awarding of the RFP. At the time, I was asked if I'd like to be in charge of the air program or take another position within emergency health services in eastern Ontario as a regional manager. I thought, well, I'd been in the ambulance service for seven or eight years, basically working on an ambulance, and this would be more to my liking. So I went to Ottawa and became the regional manager for eastern Ontario from 1977 to 1982.

0850

During that time, the program as it started was a pilot program, and there was some talk of it being disbanded until there was huge bus crash in the Barrie area that involved a lot of children in a school bus crash. A single helicopter—it was a Bell 212, a fairly large helicopter—transported a lot of these kids to the roof of Sick Kids. Sick Kids at the time was the only one with a helipad on the hospital for sure and probably the only hospital in Ontario that had a helipad at the time.

I went off to Ottawa and worked in eastern Ontario for four or five years. From that, I was asked to transfer as a regional manager to central-east Ontario, for which the office was in Barrie. I looked after the city of Toronto and basically Durham, York, and Simcoe county up to Parry Sound, I guess, and Alliston way and over that way. I was there for nine years.

During that nine-year period, I took part in the evaluation of the—I guess you'd call it the permanent helicopter program. Forgive me; I can't remember the years, but it was during those years that I was in Ottawa and in central-east Ontario that I helped with the preparation of the RFPs and in the evaluation of the submissions of RFPs at the time.

Other than that, the only other involvement I had was the other job that I had with emergency health services, and that was that I was the VIP health services coordinator for the ministry. That was a wonderful experience that I had, preparing medical plans and working with the RCMP and the OPP and making plans and looking after, in certain cases, heads of state and the royal family. I did that for about 19 years as kind of a, "You're going to be doing this. Would you like to do it?" I said, "Absolutely," so I did it.

The program itself went from a single helicopter—it was stationed in Buttonville. That's where the companies that bid operated out of, and that's where all the maintenance was done on the helicopter as well. They had a twin-engine Bell 206 as a backup, which is a very small helicopter, and it wasn't appropriate.

The program started to expand. I was asked to come in and look at the expansion again, and we had all kinds of consultations on where they should be. The helicopter program started in Toronto and it went to Sudbury and Thunder Bay. They were the three main helicopter bases at the beginning of the program.

At the same time, all along there were a number of private air companies that provided service for fixed-wing airplanes, long-range. Then it was decided that we should probably have a dedicated fixed-wing service, and I took part in that. The two bases that were started up were in Timmins and northwestern Ontario. I'm sorry, I can't remember the name—Fort Frances, I believe. That contract was won by, I think, the forerunner of Air Ontario, actually. They had two Citation jets that operated out of those two bases.

The program grew from one to three helicopter bases and two fixed-wing. These were dedicated programs that were all won by RFP and were staffed by Ministry of Health paramedics. As you can imagine, at the start of all this, there really weren't "paramedics" in Ontario. I was fortunate enough, back in, I guess, 1972 or 1973, to take part in the forerunner of this type of program for advanced-care paramedics. We were called EMAs, emergency medical assistants. I guess it was probably more like a physician's assistant type of course. At the time I was selected to do it, I think there were about 40 of us who were trained in the province back in the 1970s.

I was a multi-engine pilot as well at the beginning of all this. I had aspirations of flying the big stuff. But I got hooked into the ambulance service and enjoyed it all my life. And here I am today, I guess.

Mr. Frank Klees: I appreciate that background. Can you describe for us the emergency health services branch and its role in overseeing that air ambulance operation? What did that look like?

Mr. Fred Rusk: After I moved off to Ottawa, the fellow that I worked with, who did all the groundwork for it, was the manager of the program for the first couple of years, I think. There were a lot of groundbreaking things that took place: the training of these air medics by Sunnybrook—very intensive training, because there wasn't anything available at the time. They were the first base hospital in Ontario, as far as delegating medical acts to the paramedics.

The first people we hired were a mix of nurses and—actually, there were some people who went on the course with me who worked there for quite some time. They were constantly being trained to do more and more, until today, where what they do is absolutely fabulous. I guess the line is "the sandwich between the meat," where these men and women take the sickest of the sick and transport them between hospitals and go to scene calls from car accidents. I'm sure that many, many lives were saved at the time.

The overview of the program was the Ministry of Health emergency health services branch. I had spotty interjections because of my experience with it and my knowledge of airplanes and helicopters and so forth.

There was a section now in emergency health services called the air program. They had a—he would be on the same level as a regional manager, I suspect. The gentleman who ran it for many, many years, and who has passed on now, was Hank Brown. He was a colonel in the Canadian military, and very knowledgeable about air transport. I think he was in charge of the air transport division at Trenton for a number of years. He and a number of people in the branch looked after the air program, because then there were managers at each one of these bases who looked after the staff, if you will, and the affiliations with the then base hospitals for the air program and the local communities.

Mr. Frank Klees: That air program section of the emergency health services branch had the responsibility, then, from the ministry's standpoint, to oversee the air ambulance program of the province. Is that correct?

Mr. Fred Rusk: It is correct, along with the Ministry of Natural Resources. They're the lead ministry for the Ontario government for aviation.

Mr. Frank Klees: On the aircraft side, right?

Mr. Fred Rusk: Correct.

Mr. Frank Klees: Right. Moving forward then, that would have been the structure that was in place when the government started to think about restructuring that air ambulance program.

Mr. Fred Rusk: Yes.

Mr. Frank Klees: Were you engaged in any way in those discussions early on, when the government, if I recall correctly, was responding, really, to some reports that had been done that pointed out that there were some weaknesses within the system in terms of some of the connectivity, communications and so on; that there was a desire to streamline the system; and that a number of different options were under consideration? Were you involved in any of those discussions? Given your background, were you drawn into that discussion to get your advice in terms of what the best structure might be going forward?

0900

Mr. Fred Rusk: No, I wasn't asked that at all. I guess I should have told you earlier that I managed the air program from 1995 to 2000. I was the manager of the air ambulance program in Ontario. After that, I became the senior manager of operations for the branch.

The talk about the air program being devolved, if you want to call it that, from the government started in 2003, if I'm not mistaken, or early 2004; I'm not quite sure. I wasn't involved. I wasn't asked my opinion about what I thought—actually, I probably was asked, “What do you think about this?” It wasn't an official thing, but, “What do you think?” At the time, I didn't think much of it because the government had downloaded the land ambulance system to the 51 upper-tier municipalities and I thought, “Well, this is the way everybody's going.” So with that, that was it.

I do recall there was a standards committee, CAMTS, that comes and does an audit. I do recall some of their comments saying that it was fragmented and, although

they passed the accreditation, it wasn't something that they thought was feasible. At the time, I thought, “Well, it has been feasible since 1977, so, you know, if it's not broke, why fix it?”

That was all my involvement. I wasn't involved in any of the discussions or plans of this takeover, or whatever you want to call it. That was it.

Mr. Frank Klees: While you were the manager of the air program from 1995 to 2000, how many staff did you have in your section?

Mr. Fred Rusk: Just at head office? Because there were managers at each one of the air bases.

Mr. Frank Klees: Well, let's start with head office and then give me your total complement of staff to run this program.

Mr. Fred Rusk: Well, I'm just trying to think now; I'm trying to put some faces to names here. It probably was about seven people at headquarters with access to the financial side of things, to the legal side of things, to the ministry's medical advisers sort of things. They weren't, obviously, reporting to me, but—about seven or eight.

Mr. Frank Klees: What was your budget?

Mr. Fred Rusk: Oh, God.

Mr. Frank Klees: You don't have to be to the dollar. When you left in 2000, what would the budget have been for the air ambulance program?

Mr. Fred Rusk: Maybe \$90 million to \$95 million, I suppose.

Mr. Frank Klees: Okay.

Mr. Fred Rusk: The biggest chunk of that was the helicopter contract.

The Chair (Mr. Norm Miller): You have a couple minutes, Mr. Klees.

Mr. Frank Klees: Okay, I'll defer to my colleague. I'll pick up the rest of my time next time.

Thank you. I appreciate that context.

Mr. Fred Rusk: You're welcome.

The Chair (Mr. Norm Miller): Ms. Gélinas.

M^{me} France Gélinas: Pleased to meet you, Mr. Rusk, and thank you for coming to Queen's Park. I will also take you down memory lane. We have you on record, just because everything is on record here. The Auditor General had done an audit of the ambulance system, which at the time included the land ambulance and the air ambulance. It's a special report that the auditor had done, and at the time, you are listed as the manager of the air ambulance patient care and program standards section.

Mr. Fred Rusk: Okay.

M^{me} France Gélinas: Quite impressive as a title, wasn't it? And we're on December 14 in the year 2000. From what you have told us—I'm not sure. Did you leave the ministry in 2000 or in 2003?

Mr. Fred Rusk: It was in June 2004.

M^{me} France Gélinas: Oh, in June 2004. So from 2000 to 2004, what did you do?

Mr. Fred Rusk: I was the senior manager of operations. I'll get my years straight here. I left in 2004, so from 1995 to 2000 I was the manager of the air ambulance program, and then from 2000 to June 2004, I was

the senior manager of operations for the branch, as well as this VIP health services coordinator.

M^{me} France Gélinas: As well as the—

Mr. Fred Rusk: The VIP health services coordinator for the ministry.

M^{me} France Gélinas: When you say for the branch, you're referring to the emergency health services branch?

Mr. Fred Rusk: I am. Correct.

M^{me} France Gélinas: Okay. You also happened to be working with Malcolm Bates during that period of time. Do you remember what Malcolm was doing?

Mr. Fred Rusk: I think he was the director of the branch.

M^{me} France Gélinas: He was the director of the branch?

Mr. Fred Rusk: Yes.

M^{me} France Gélinas: You were the—I thought you told me you were the manager of the branch. Say that again.

Mr. Fred Rusk: No. Malcolm Bates was the director of the ambulance services branch. My job in the last four years or three years that I was there was the senior manager of operations. Under Malcolm, there was the senior manager of operations, all the regional managers, the manager of the air program, I believe, and then down the ranks.

M^{me} France Gélinas: Okay. Did you report directly to Mr. Bates?

Mr. Fred Rusk: I did.

M^{me} France Gélinas: You did? All right. But from 2000 to 2004, you are no longer involved with the air ambulance. Somebody else has that job.

Mr. Fred Rusk: That's correct—well, I don't understand what you mean when you say "involved." I had an affinity for it. I always was involved, I felt.

M^{me} France Gélinas: Okay. But in your job as manager of operations, did operations include both land and air ambulance?

Mr. Fred Rusk: Of course.

M^{me} France Gélinas: Okay. I just have a hard time understanding the structure of it all.

Coming back to a question that my colleague had started to ask you about, who was responsible for the oversight? And I'm mainly interested in the air ambulance section of it; I'm not interested in the person. Was the oversight all within your branch, the emergency health services branch?

Mr. Fred Rusk: Up until the point that it was released, always.

M^{me} France Gélinas: And how was the oversight done? I note, because I read some of this thing—it's 12 years old, so I don't expect you to remember, but you talk about a number of standards that exist, standards for time, standards for training, standards for a number of things. How was that handled within the ministry, the oversight of air ambulance to make sure that we get good service?

Mr. Fred Rusk: Well, we had our own managers at the base, for one thing. We relied heavily on the Ministry of Natural Resources to do operational audits of the—

M^{me} France Gélinas: So your own managers at the base—those were employees of the Ministry of Health at every base; that is, every hospital base?

Mr. Fred Rusk: Every dedicated base, yes. There were the three helicopter bases, the two fixed-wing, and then later on, one of my jobs when I first became the manager of the program was to basically implement the 27 recommendations of the Gail Donner report. It was an extensive report done on the air ambulance program on—forgive me, I can't remember all the recommendations, but I do remember 27 of them, and a lot of it had to do with the disbursement of the regions of the province for the private air ambulance operators to have their contracts and where to position the bases.

As I say, the Ministry of Natural Resources and myself at the time of being the air manager were involved in investigations of complaints. There were hard landings, things that happened to aircraft in the air that we investigated and did reports on. But I think I understand you that the program was managed and overseen by the branch.

0910

M^{me} France Gélinas: So part of your management and overseeing is that you had staff at every one of those dedicated bases?

Mr. Fred Rusk: Correct.

M^{me} France Gélinas: How did that bring value? How did that help you oversee?

Mr. Fred Rusk: Well, the day-to-day operation: making sure people were there—attendance—that they got paid properly and their benefits were looked after; anything that would come up at the bases.

The other thing I'd like to mention is that during my tenure at the air ambulance program, the helicopter program expanded to four additional bases. That was a result of the Donner report. Because there were dedicated air bases—there were five at the time—and there were a number of private air programs that were on standing offer agreements with the ministry, the Donner report recommended the consolidation of that. Because these four bases that we expanded to after that were helicopter standing offer agreements, there was one in Ottawa, there was one in Smith's Falls, there was one in London and there was one in Kenora—sorry, in Moosonee—we decided to make them dedicated bases. There was an RFP. Canadian Helicopters won the RFP, and we established the bases in Ottawa, London, Moosonee and Kenora between those years; I'm sorry, I can't remember the exact year.

M^{me} France Gélinas: That's okay.

Mr. Fred Rusk: There were managers at those bases too. They dealt with the day-to-day work at every base, whether it was making sure the helicopters and fixed-wing airplanes were properly staffed, equipped, clean. They took part in arranging for continuing medical education of the air paramedics, along with their base hospital, and whatever. They were the local manager. They dealt with the local hospitals. They dealt with the local ambulance services with regard to coordination of

land and air. That's about all I can think of at the moment.

M^{me} France Gélinas: They made sure that it worked. I want to fast-forward you. I take it you read the papers, just like everybody else. You know why you're here. You're here because—well, I'll tell you why—the Auditor General did a special report. He went and did an audit of, it's now called, Ornge Air Ambulance. I'm sure you know.

Mr. Fred Rusk: Yes.

M^{me} France Gélinas: He did an audit of Ornge Air Ambulance and related services and found a number of, I would say, questioning endeavours going on at Ornge. Have you been following it in the news at all?

Mr. Fred Rusk: I wasn't until somebody called me one day and said, "Have you seen what's going on at Ornge?" I said no. I guess there were a lot of reports in the Toronto Star. I have been, lately.

M^{me} France Gélinas: Okay. I'm now fast-forwarding you. You knew the system when the government ran the different dedicated bases, when the government had managers on the ground and were basically the supervisors. The different people working were all working for the government. Then there were those contracts—what you called standing offer agreements—with the air company that provided the aircraft.

Mr. Fred Rusk: Sure. There were three different types of contracts: the dedicated program, the standing offer agreement program and then the organ retrieval program. There were three. The organ retrieval was basically—you could use any of those helicopters, airplanes, whatever, but basically there were additional companies that provided jets, because they would run to California or out west or wherever, but within a five-hour range of Ontario for organ retrievals.

M^{me} France Gélinas: And you had agreements with those different companies to go retrieve something that was a little further?

Mr. Fred Rusk: That's correct.

M^{me} France Gélinas: In a five-hour flying range, you go far.

Mr. Fred Rusk: Yes. Well, Vancouver, anyway, and Loma Linda, California, was the farthest I think we ever went.

M^{me} France Gélinas: Okay, so—

Mr. Fred Rusk: I should just mention one other thing. During the time I was with the air program, one of the RFPs for the dedicated program was the—I don't know what the word is, but the employees, the paramedics, of the Ministry of Health were let go from the ministry and picked up by the dedicated air operators, so they were employees of the air operator. We didn't have any paramedics that were our employees running on the airplanes; nor were the pilots and nor were the aircraft ours. We just ran the RFPs and oversaw the operation.

I dealt with Transport Canada on different items, providing—when they were rewriting some of the air regulations and that, we provided people to give witness at these air regulations for the air ambulance so that we

weren't charged tariff fees by the air traffic control people. So we kind of had a pass on all that.

M^{me} France Gélinas: How did you make sure that those private operators did have paramedics and that they staffed them properly?

Mr. Fred Rusk: Service visits. We went there. They provided us names, and all the paramedics were registered with the branch. Today, every paramedic in the province is registered with emergency health services. They're the governing ministry, if you will, that looks after the Ambulance Act. So all that information is gleaned from the colleges, the community colleges, and all their—

M^{me} France Gélinas: So you knew how many staff had been employed by the different—

Mr. Fred Rusk: Yes. We kept a list.

M^{me} France Gélinas: Did you make sure that they were not only employed but they were deployed, as in, they were available? And was there any kind of accountability agreement to make sure that if you're on a dedicated base, you have staff on hand?

Mr. Fred Rusk: Yes.

M^{me} France Gélinas: How did you do that?

Mr. Fred Rusk: The policy was that, obviously, if you had an air ambulance and it was going to pick somebody up, there had to be at least one person in the back. That was the medical policy, and the policy of our branch.

We did what we call ramp audits—I did them; our investigators at the branch did them; Transport Canada did them—on any of the aircraft, to make sure that—and of course, our dispatch system was controlling it all, and we kept a list of who was flying that day, who the co-pilot was, who the paramedics were in the back, what shifts they were working. All this information was made available to us, and we did spot checks and audits.

In fact, at the time I was with the Ministry of Health, we had our own audit branch. I don't think they have—I could be wrong; I don't know. Our own audit branch did audits on both the land and the air programs.

M^{me} France Gélinas: Because you thought it was important to check, so you audited—

Mr. Fred Rusk: Of course.

M^{me} France Gélinas: Yes, I could see this. And were they usually in compliance?

Mr. Fred Rusk: Very much so. When I was a land regional manager, there were a few that weren't compliant and we actually put out of business. I think back in the late 1970s there were some we even charged and some went to jail for misappropriation of funds. But I can't recall any air operators. There may have been a couple of small air operators that needed to be watched, if you will. In other words, more attention needed to be paid to the cleanliness of the back of the airplane because they weren't using it specifically for ambulance work. They were chartering it and doing whatever. This was all done by our inspectors, our investigators and myself when I was out and about, because our policy was that at least once a year we went to the actual bases of everybody on contract—actually went there.

0920

M^{me} France G  linas: And had a look around.

My colleague wants to ask a few questions.

Mr. Fred Rusk: Certainly.

Mr. Jagmeet Singh: I just want to draw—

The Chair (Mr. Norm Miller): You have about three minutes left.

Mr. Jagmeet Singh: Thank you very much.

I just want to draw the connection between Ontario Air Ambulance, which was the predecessor to what we currently have with the Ornge air ambulance service. When you were working—and you’ve described some of the mechanisms of oversight that you were involved with at the Ontario Air Ambulance. How much of that oversight system are you aware was translated over into the Ornge air ambulance? What was the connection in terms of the continuity of those two air ambulance services?

Mr. Fred Rusk: I guess when it actually happened—and I don’t recall exactly when it did happen, but I don’t think I was at the ministry after. When I left, there was a manager of the air ambulance program, and there was still an investigation branch. Because of the downloading of the land program, I think there was an increase in the complement of the investigators, because now the branch became more—instead of an operational role, except for the dispatch centres, which I believe they still operate today across the province, the central dispatch centre. To tell you the truth, I don’t know.

Mr. Jagmeet Singh: Okay.

Mr. Fred Rusk: You know, after I left, I suspect that they would investigate complaints and continue doing that type of thing.

Mr. Jagmeet Singh: Okay.

M^{me} France G  linas: But you were saying that the investigation branch increased the complement of staff because you were not operational anymore; you were more in a role of—and you didn’t finish your sentence.

Mr. Fred Rusk: Overseer, I guess. It wasn’t an investigation branch; it was an investigation section in the emergency health services made up of, I think, five people.

M^{me} France G  linas: And that was for both land and air?

Mr. Fred Rusk: Correct. They looked after the complaints and the investigations and worked with the coroner. They looked after the registration and the issuing of ID cards to all the people in the system and what they did and who they are.

Mr. Jagmeet Singh: So there’s a clear connection between the role of the ministry—there’s a clear culture and a policy of the ministry overseeing the work of the ambulance services?

Mr. Fred Rusk: There was. And—

Interjection.

Mr. Jagmeet Singh: Go on.

Mr. Fred Rusk: What I was going to say was that it changed quite a bit with the downloading of the land system. We became more of the guardians of the legislation, if you want to call it that, in the sense that we were

no longer operating them, but we certainly had the obligation to oversee them.

Mr. Jagmeet Singh: Can you talk a little bit about your time at Ornge, your involvement? Did you work for Ornge for some period of time?

Mr. Fred Rusk: I did.

Mr. Jagmeet Singh: And what was your involvement at Ornge, in what capacity?

Mr. Fred Rusk: I was first asked to come to help transfer the Provincial Transfer Authorization Centre. This is something that was set up during the SARS crisis, where every patient movement between hospitals, nursing homes and so on and so forth, in and out of the province, was screened by the centre. I don’t know if you—well, I’m sure you’re aware of what happened with the SARS issue. It was a very troubling time. And that job was given to Sunnybrook to manage the finances of that to the Toronto ambulance service. They had the space. When it was set up, we needed space. We had a room about twice or three times the size of this, that was set up with tables and fax machines and doctors and lay people taking information and transferring it on to the different dispatch centres, because no patient—no patient—got transferred between facilities without an authorization number. That’s how concerned we were at the time.

That has continued today, and I think we’re probably the only province, because I guess we had a taste of the medicine, that continues to do this—with a lot less people, of course.

My job was to bring those staff from Toronto ambulance, where they worked, into what was, at the time, the Sunnybrook base hospital program. At the time, they were moving from Finch Avenue, their offices, to Carlson Court, across from the airport—anyway, on Carlson Court.

I went there with their IT manager to set up this clearing house of patient information. We went in and set it up, similar to a dispatch centre, because we had to have contact with every hospital in the province. I did that for about a year. We trained the hospitals on how to do it online. We developed a very quick computer program for the hospitals so that they could fill in all the information on the patient and what was wrong with them and where they were going and why.

You always had to have a sending physician and a receiving physician. At the beginning of it all was a physician who watched, to ask all the usual questions. Then that information was passed on to the dispatch centres that would send the ambulance. They wouldn’t send an ambulance unless they had an authorization number from the centre, and it’s still the same way today. Even flights from outside the country coming into Ontario: The vast majority of them that are carrying a patient call ahead to PTAC to get an authorization number.

I did that for a year. For the last three years that I worked there, I was the manager of occupational health and safety and aviation safety. My job was to set up an occupational health and safety program for the branch, getting people certified in occupational health and safety,

and doing occupational health and safety audits, which we did. Air quality: I was involved in a study that we did. There was a complaint from our Timmins base, from the air medics, saying that they felt that the jet exhaust fumes were causing some issues, and they didn't know what was in them. Nobody knew what was in them. So we did a study. We hired two companies, actually, to do a study of the exhaust fumes and found that there were no particulates of anything and nothing untoward for a human being in these. It was just the smell of kerosene that the pilot would have when he came through the patient compartment that was an issue.

The Chair (Mr. Norm Miller): If I can interrupt you, I think we're about four minutes over. If we can move to the government questioning—

Mr. Fred Rusk: So that was basically my role. The last year I was there, I worked on—Transport Canada instituted an SMS program, a safety management system program, for all airlines. Airlines already had them, the big airlines—

Mr. Jagmeet Singh: I'll probably ask more questions when it comes back around.

Mr. Fred Rusk: Oh, okay. Great.

The Chair (Mr. Norm Miller): Ms. Jaczek?

Ms. Helena Jaczek: Yes, thank you, Mr. Rusk. Just recapping a little bit of your role as senior manager of operations, 2000 to 2004: We've obviously established that land ambulance was downloaded to upper-tier municipalities, January 1, 2000, so you had this oversight role as related to that but no direct responsibility in terms of the management.

Mr. Fred Rusk: Correct.

Ms. Helena Jaczek: You had the oversight of the RFP process as it related to air ambulance.

Mr. Fred Rusk: That's correct.

Ms. Helena Jaczek: What about dispatch? Were you in charge of dispatch as well?

0930

Mr. Fred Rusk: The dispatch managers reported to the regional managers. The regional managers reported to the—

Ms. Helena Jaczek: Of the land ambulance side?

Mr. Fred Rusk: Yes.

Ms. Helena Jaczek: Yes.

Mr. Fred Rusk: Sorry. I can't remember exactly—I think there are 15 land central ambulance dispatchers across the province and there was one air dispatch.

Ms. Helena Jaczek: Right. So did you have oversight of that as well? I'm trying to get the picture of your role here for those four years.

Mr. Fred Rusk: As the senior manager of operations?

Ms. Helena Jaczek: Yes.

Mr. Fred Rusk: Only to the extent of—like, the managers didn't report to me; they reported to the regional managers of that region, the same as the air program reported to the manager of air—dispatch for air reported to—

Ms. Helena Jaczek: Overall, you were the senior manager of operations. Were you satisfied with the way air ambulance was being administered in Ontario?

Mr. Fred Rusk: Yes. I saw it grow.

Ms. Helena Jaczek: Now, to just recap something Mr. Klees, I think, in his questioning—you said that during that time, during those four years, knowing that land ambulance had been downloaded, you weren't involved in any discussions related to possibly some sort of new model for air ambulance? You were a member of Mr. Bates's senior management team?

Mr. Fred Rusk: I think it happened as I was leaving. Quite frankly, we didn't sit down and discuss what we were going to do now. I mean—

Ms. Helena Jaczek: I see. You were not part of any discussions.

Mr. Fred Rusk: No.

Ms. Helena Jaczek: When would you have first met Dr. Mazza? As we all know, he was at Sunnybrook, a major trauma centre.

Mr. Fred Rusk: I met Dr. Mazza, I think, the second year I was the manager of the air program, so that would be, what, 1996? He was introduced to me as an emergency room physician at Sunnybrook, because Sunnybrook was the base hospital for not only the air program, but for the city of Toronto at the time. It was becoming quite onerous on the medical staff and their own staff—it was getting too big for them to handle. So we agreed—the ministry agreed and Sunnybrook agreed—that they would split the base hospital into an air and a land program. I was introduced to Dr. Mazza at the time as, "This is the lead doctor to do the medical side of things for the air program," train the medics, do all that sort of stuff.

Ms. Helena Jaczek: Between 1996 and 2004, when you left the ministry, would you have had the opportunity to interact with Dr. Mazza?

Mr. Fred Rusk: Certainly.

Ms. Helena Jaczek: On a regular basis?

Mr. Fred Rusk: Sure. Regular, you know. Monthly, I guess.

Ms. Helena Jaczek: Did he ever suggest to you that there might be a better way of administering air ambulance—

Mr. Fred Rusk: He was critical of the fact that there were—let's see. There were six or seven base hospitals across the province involved with the air program. He was critical of the fact, as were the other doctors who were in charge. So I met with that group all the time—well, not all the time, but I think we met every two or three months. They felt that there was a need to solidify the air base hospital program with, obviously, strategic affiliations with the local hospitals and the local base hospitals in each of the areas. Then Sunnybrook became the centre for the air program.

Ms. Helena Jaczek: So you took that advice to a certain extent, then, in terms of centralizing the base hospital for air ambulance at Sunnybrook—

Mr. Fred Rusk: Correct. I mean, quite frankly, the training that took place in Toronto and the experience that the flight medics gained by being here in Toronto with the teaching hospitals and so on and so forth had a

better exposure, if you will, to major trauma, major illnesses; whereas the farther north you go, even though there are centres of excellence in the north, of course, the exposure to different types of diseases and trauma were far greater in Toronto—and with the teaching hospitals and the University of Toronto, of course, with their expertise.

There was a difference, quite frankly, in the training in the outer-lying areas, even though there was the dedication. I'm thinking of Kenora in one instance, and I think one of the doctors is still involved there. But they just don't get the exposure. So it was decided, and it was a good idea.

Ms. Helena Jaczek: Why did you leave the ministry in 2004?

Mr. Fred Rusk: Why did I?

Ms. Helena Jaczek: Yes.

Mr. Fred Rusk: I retired. It was time to leave.

Ms. Helena Jaczek: And who was your next employer?

Mr. Fred Rusk: About five months later, I was approached to come and work for Sunnybrook, to transport the Provincial Transfer Authorization Centre from Toronto into the Sunnybrook program.

Ms. Helena Jaczek: Who approached you?

Mr. Fred Rusk: I guess it was Dr. Mazza initially, but then I dealt with the human resources side of things.

Ms. Helena Jaczek: Thank you.

The Chair (Mr. Norm Miller): Mr. Zimmer?

Mr. David Zimmer: So when did you formally join Ornge?

Mr. Fred Rusk: Formally?

Mr. David Zimmer: Yes.

Mr. Fred Rusk: Well, it was a year after—I was hired on contract first to bring these people over, for a year—

Mr. David Zimmer: Sorry, I didn't hear that.

Mr. Fred Rusk: I was hired on a contract the first year I worked there.

Mr. David Zimmer: What year was that?

Mr. Fred Rusk: In September 2004. Sorry, wait a minute—

Mr. David Zimmer: So in 2004 you went on contract with Ornge?

Mr. Fred Rusk: Yes, for one year. I beg your pardon. I'm not sure of the years now, okay? They kind of blend together. But certainly the first year that I was employed by them, I was on a contract. I wasn't an employee, if you will. And then after that, the human resources people asked me if I would transfer over to full-time, which I agreed to.

Mr. David Zimmer: So that would have been sometime in 2005?

Mr. Fred Rusk: Yes.

Mr. David Zimmer: A year later.

Mr. Fred Rusk: Yes.

Mr. David Zimmer: Just a second.

Mr. Fred Rusk: That was to look after occupational health and safety at the time, and then later—

Mr. David Zimmer: So the first year, you were on contract with Ornge. About a year later you joined Ornge as an employee?

Mr. Fred Rusk: Yes. It wasn't called Ornge, I don't believe, at the time. I think it was just called the Ontario air ambulance program.

Mr. David Zimmer: Well, you must remember. Were you working for Ornge or not?

Mr. Fred Rusk: When I left, I was.

Mr. David Zimmer: When did you leave?

Mr. Fred Rusk: In 2009.

Mr. David Zimmer: All right. So you were at Ornge, then, five years?

Mr. Fred Rusk: Sure.

Mr. David Zimmer: Five years at Ornge. And then you left Ornge in 2009. Any involvement with Ornge after you left in 2009?

Mr. Fred Rusk: None.

Mr. David Zimmer: All right. So walk me through the gist of your responsibilities from when you started with Ornge on contract in 2004 until you left five years later, in 2009.

Mr. Fred Rusk: As I say, the first year was managing the Provincial Transfer Authorization Centre; in other words, setting it up, streamlining it, training for the hospital staff to access it, buying the equipment, dealing with the computer issues with the IT people, managing the staff. That was the first year.

Mr. David Zimmer: After you joined Ornge and you went from contract to employee status, what was your technical title?

Mr. Fred Rusk: I was manager of occupational health and safety.

Mr. David Zimmer: Ornge?

Mr. Fred Rusk: Correct. Forgive me; I don't know exactly when it changed. I know the name changed while I was there.

Mr. David Zimmer: Do you know when the name changed?

Mr. Fred Rusk: Say again?

Mr. David Zimmer: When did the name change?

Mr. Fred Rusk: When I was there. I'm sorry; I don't know exactly when.

Mr. David Zimmer: At some point, you were getting paycheques from Ornge.

Mr. Fred Rusk: I don't have any with me to check, but—

Mr. David Zimmer: But you were getting paycheques from Ornge.

Mr. Fred Rusk: Certainly.

Mr. David Zimmer: Yes, all right. And what was your salary at Ornge?

Mr. Fred Rusk: It was \$94,000.

0940

Mr. David Zimmer: What was your salary when you left the ministry in 2004?

Mr. Fred Rusk: \$92,000, \$93,000, \$94,000, \$95,000? It may have been more than that, because the last year or two was when the ministry was paying bonus cheques to

certain classifications, so it would have been more. But whatever it was, it was posted that one year.

Mr. David Zimmer: At Ornge, did you participate in any of the bonus programs, that sort of thing? Stock options, that sort of stuff?

Mr. Fred Rusk: No. The bonus program was introduced in Ornge in the last year and a half I was there, so I did receive a bonus in 2008.

Mr. David Zimmer: Just to refresh your memory, in 2009 the disclosure for the previous year, 2004, at Ornge says: Aviation safety manager, \$111,829.82. Does that strike you as about right?

Mr. Fred Rusk: I would think so.

Mr. David Zimmer: And were there options or bonuses on top of that?

Mr. Fred Rusk: No.

Mr. David Zimmer: Chair, how much time do I have left here?

The Chair (Mr. Norm Miller): You have eight minutes.

Mr. David Zimmer: Who did you report to at Ornge?

Mr. Fred Rusk: The first year I was there it was a gentleman by the name of Steve Farquhar; I believe he's still there. The second year, I reported to the director of human resources. Then, I believe, Rick Potter became the manager of the air program. That's when they added on the aviation safety to my role and I reported to Rick Potter.

Mr. David Zimmer: And you've heard—or you've been reading the Star, so you know there's a collection of Ornge entities. There's Ornge non-profit and then there are various Ornge profits—

Mr. Fred Rusk: To be very frank with you, I didn't.

Mr. David Zimmer: I'm sorry?

Mr. Fred Rusk: To be frank with you, I didn't know of all these other companies.

Mr. David Zimmer: Which Ornge entity did you work for?

Mr. Fred Rusk: Ornge. That's what I thought I worked for. A company called Ornge, a not-for-profit company.

Mr. David Zimmer: And was your office up at the Ornge head office up there on the 401?

Mr. Fred Rusk: No.

Mr. David Zimmer: Where was your office?

Mr. Fred Rusk: On Carlson Court. It wasn't an office; it was a bunch of desks, and one of those desks was mine.

Mr. David Zimmer: But it was an Ornge office?

Mr. Fred Rusk: It was; correct.

Mr. David Zimmer: I have got your resumé that you handed in here. It's quite extensive, and it's got—do you have a copy in front of you?

Mr. Fred Rusk: No, but I wrote it.

Mr. David Zimmer: You wrote it. All right. So I read it through carefully, a couple of times, and it's got, in great detail, everything that you did, different jobs and so forth and so on, yet I see no reference to Ornge. I don't

see the word “Ornge” anywhere in your resumé. Why is that?

Mr. Fred Rusk: Well, I don't know. Maybe it's a Freudian slip or something. I'm not quite sure.

Mr. David Zimmer: What do you mean, a Freudian slip?

Mr. Fred Rusk: Maybe I didn't want to use the name. I always considered it the Ontario air ambulance program, regardless of what the name was.

Mr. David Zimmer: But in back and forth to my questions and answers and in your evidence this morning, you talk about Ornge and you told me, in some detail, about your responsibilities at Ornge; over the period 2004 to 2009, you were in Ornge buildings and so on. Surely when you're submitting a resumé—and resumé, one would expect, would be candid and frank—you've got everything—I can read your resumé out for the record if you want, but there's tremendous detail in there: responsibilities, all the various things that you did over the years, and I see no reference to Ornge and you say it was a Freudian slip that you left the reference to Ornge out. That strikes me as odd.

Mr. Fred Rusk: I'm sorry it does. There's no malice of intent. Obviously, the Ontario air ambulance program is Ornge; I just didn't use the word. Forgive me.

Mr. David Zimmer: Why do you say “Obviously, it was Ornge”?

Mr. Fred Rusk: Well, it's the Ontario air ambulance program, because Ornge was running it.

Mr. David Zimmer: But your paycheques were coming from Ornge.

Mr. Fred Rusk: Correct.

Mr. David Zimmer: Why wouldn't you put in your resumé, “In 2004, I left this and I joined Ornge”? You told me in detail that your initial engagement with Ornge was not—

Mr. Fred Rusk: I guess I made an assumption that that would be understood. I put this together. I don't keep a resumé in my back pocket, so when I wrote it up the other day—

Mr. David Zimmer: How would anyone, from reading this resumé through, possibly know that you had worked at Ornge?

Mr. Fred Rusk: I guess you could ask me.

Mr. David Zimmer: I'm sorry?

Mr. Fred Rusk: You asked me, and I said yes.

Mr. David Zimmer: Why wouldn't you put it in your resumé, then?

Mr. Fred Rusk: I have no idea. I just didn't. I apologize if it caused you some concern.

Mr. David Zimmer: Have you submitted your resumé to other places where you might be interested in working or engaging in contract work or anything like that?

Mr. Fred Rusk: No. I did some work down in New Brunswick—

Mr. David Zimmer: After you left Ornge in 2009?

Mr. Fred Rusk: Yes. I started in about November 2009.

Mr. David Zimmer: When you started that, did you—

Mr. Fred Rusk: I guess I did. I don't have a copy of it. I'm sorry.

Mr. David Zimmer: All right, thank you. You had interaction with Dr. Mazza?

Mr. Fred Rusk: Yes.

Mr. David Zimmer: How would you describe your experience, from your point of view, with Mazza? We've heard from other witnesses over the course of these hearings that they had difficult working relationships with Mazza.

Mr. Fred Rusk: I didn't. In fact, my recollection of Dr. Mazza was that he had helped our branch during the SARS crisis in the Ministry of Health. He was a dedicated physician. He was well-known for his tenacity in his defence of the paramedics. He was certainly—in my mind, I thought he was an outstanding physician at Sunnybrook. My experience with him at Ornge was that he was the CEO. There was a board. I didn't know any of the members of the board and—

Mr. David Zimmer: You've worked with—

The Chair (Mr. Norm Miller): You're on your last minute, Mr. Zimmer.

Mr. David Zimmer: Did you consider him an exemplary and effective CEO?

Mr. Fred Rusk: Yes, I did.

Mr. David Zimmer: Thank you.

The Chair (Mr. Norm Miller): Okay. I guess we'll move to the opposition, then. Mr. Klees.

Mr. Frank Klees: Well, Mr. Rusk, I have to say that I'm very disappointed that your recollection of your past experience as a very senior person with the emergency health services branch and Ontario's air ambulance service isn't a bit more crisp.

Mr. Fred Rusk: In what way?

Mr. Frank Klees: Well, I think you'll have an opportunity to read the Hansard transcript of the exchanges we're having here, and you yourself I think will empathize with us as members of this committee when you read that. We're asking you some very specific questions, and your recollection just isn't here. But I'm going to try one more time here.

0950

I'm going to assume that all of the things that are on your resumé and everything that I've heard about you is true, and that is that you were an incredibly competent individual heading up a very important aspect of the emergency health services branch in our province, that you gave leadership to the air ambulance program and that you were viewed as someone who is competent and knowledgeable.

I'm going to ask you again about your involvement and your contribution to the discussion leading up to the transformation of our air ambulance system.

In response to my earlier question about what discussions or were you involved in any discussions about that consolidation track that the government was on, you said no. In response to questions from Ms. Jaczek, you did

admit that in fact there were numerous discussions that took place in your capacity with the emergency health services branch, with groups of people who had concerns about certain aspects of the program and that there needed to be some streamlining, bringing—for example, to your point that you made—base hospitals together; that it was a fragmented system and so on. That was very much part of that discussion.

I'm told—and I'd like to know from you—that you had a fairly good relationship with Dr. Mazza and that you were actually an advocate for Dr. Mazza's plan within the Ministry of Health. Are you going to deny that? Because we've heard it from others. Were you ever, at any point in time, in discussions with people within the Ministry of Health, and did you, at any time, express your support for Dr. Mazza's plan of consolidation?

Mr. Fred Rusk: Consolidation of the base hospital programs? Is that what you mean?

Mr. Frank Klees: That was one aspect of it. Dr. Mazza's plan was to bring together the air ambulance program under one roof. That was his plan. That was the Mazza scheme. The base hospital was one aspect of it. The rest of it was as reflected in the performance agreement that was negotiated and would be the platform for the Mazza proposal.

Mr. Fred Rusk: I'm sorry that you have that opinion of me. I certainly wasn't involved in any performance agreement—

Mr. Frank Klees: Let me rephrase it. Did you, at any time, express any sense of support for Dr. Mazza's proposal for what his vision was for air ambulance service in the province of Ontario to anybody at any time in the Ministry of Health? We're under oath here and we're all listening. There are people who have come before you and there will be people who will be coming after. These are very simple questions.

Mr. Fred Rusk: Sir, I must have supported it somehow or disagreed with it. To tell you the truth, I really don't recall. It has been a while. I wasn't involved in the negotiations. I knew that in my last year, I guess, or six or seven months I was at the ministry, that this was going to happen. I may have been asked my opinion of it at the time. I didn't think much of it. I didn't think that it needed to be done. I was—

Mr. Frank Klees: Sir, let me remind you that you were asked your opinion and you did express your opinion.

Mr. Fred Rusk: Okay.

Mr. Frank Klees: And that opinion was that you were supportive—

Mr. Fred Rusk: I was what?

Mr. Frank Klees: —of what Dr. Mazza was proposing. But let's move on.

The Chair (Mr. Norm Miller): Excuse me; he didn't hear your response, Mr. Klees.

Mr. Frank Klees: You didn't hear my response?

Mr. Fred Rusk: No, sorry. It was reported? I'm sorry, I didn't hear what you said.

Mr. Frank Klees: Let me remind you that you were asked your opinion of Dr. Mazza's proposal.

Mr. Fred Rusk: Okay.

The Chair (Mr. Norm Miller): And you said that he was supportive.

Mr. Frank Klees: And when you were asked, you expressed your opinion that it was a good idea.

Mr. Fred Rusk: Who did I tell that to? Malcolm may have sat me down and said, "Listen: This is going to happen. What's your opinion of it?" I may have said—I know there—I mean, I even read it in the paper that Mel Springman objected to it for a litany of reasons. I don't recall what the reasons were. Believe me, I don't. But certainly at the time, I didn't see anything wrong with it. I mean, I thought that was the way the government wanted to go. They had downloaded the land ambulance service. Now they were taking the air ambulance program away from the ministry. I maybe would have been supportive so that I didn't feel like I was out in left field or something. I truly don't recall, and if you could show me who or what—

Mr. Frank Klees: We'll be hearing from Mr. Bates this afternoon.

Mr. Fred Rusk: I mean, I'm not trying to hide anything, believe me.

Mr. Frank Klees: I have to admit to you that I think a number of us around the table are drawing that conclusion. It's pretty hard not to.

Mr. Fred Rusk: I'm truly, truly sorry that you would draw that conclusion.

Mr. Frank Klees: Well, maybe—you know, we've got a few minutes left. Maybe we can kind of get this back into focus. It's all in your hands as to whether or not we're going to leave this committee hearing with the impression that you were trying to hide something or that you were forthright, and you're willing to share some information.

I'd like to move forward. You retired from the public service, and you began to draw your retirement pension?

Mr. Fred Rusk: Correct.

Mr. Frank Klees: And then you took a job with Ornge.

Mr. Fred Rusk: Okay.

Mr. Frank Klees: Okay? And you started to get paid a pretty hefty sum when you started with Ornge. You were actually getting paid more by Ornge than you were getting paid when you left the public service. There's nothing wrong with that, right?

Mr. Fred Rusk: Well, I don't think I was, was I?

Mr. Frank Klees: Pardon?

Mr. Fred Rusk: I'd have to go back and look at my T4 slips, of course.

Mr. Frank Klees: Well, I thought you had responded to say—

Mrs. Liz Sandals: It looks like he took a salary cut.

Mr. Frank Klees: Oh, is that right? Well it was \$125,000 here, and then \$147,000 in 2003—

Interjection.

Mr. Frank Klees: And then—

Mr. Fred Rusk: That was on account of—the Ministry of Health paid us overtime during the SARS crisis.

Mr. Frank Klees: That's right. That was a big year for everyone.

Mr. Fred Rusk: Truly.

Mr. Frank Klees: But you did relatively well. So your relationship with Dr. Mazza must have been fairly positive because he hired you into a very senior position; aviation safety manager is a very important role. I'm assuming that during that time you continued to have a positive relationship with Dr. Mazza. Is that right?

Mr. Fred Rusk: No. The last time I saw him was maybe a week before I left Ornge.

Mr. Frank Klees: Okay. When you left Ornge, can you tell me what your severance package was?

Mr. Fred Rusk: Fifty-some-odd thousand dollars.

Mr. Frank Klees: Fifty thousand dollars?

Mr. Fred Rusk: Fifty-some-odd—\$53,000 or \$54,000.

Mr. Frank Klees: That's pretty substantial for someone to just resign. Why would you get paid \$50,000 to retire?

Mr. Fred Rusk: When I retired, they offered me a part-time position to look after SMS, safety management systems. That's what I was doing before I left: to convince all the air operators to come together and have one over umbrella safety management system. So they offered me a part-time position to do that, and I said, "No, thank you. I'd rather take a severance than work part-time."

Mr. Frank Klees: But why would you get a severance? You'd only been there for three years—

Mr. Fred Rusk: Five years.

Mr. Frank Klees: Lord knows we have to work in this place for 20 years, and we don't get that much. You were there for three years; why would you get a severance of \$50,000 to retire?

Mr. Fred Rusk: Because I was asked to retire.

Mr. Frank Klees: So it wasn't your choice to retire. You were essentially fired, is that right?

1000

Mr. Fred Rusk: No, I wasn't fired. Well, I don't know. Do you call that a firing? I was told that my position had been made redundant, and I was offered the position to work part-time. I said no, I'll take the retirement, but I'll take a severance for retirement because in my mind it's wrongful dismissal.

Mr. Frank Klees: Can I ask you, when you were there in that very important capacity—by the way, I'm sure, although you're saying you're not very familiar with what's been taking place at Ornge, there are a lot of concerns about safety, a lot of concerns about incidents that involved patient deaths, that have put patients at risk. It all comes down to the issue of safety and competence of the entire operation. In the time that you were there, did anything at any time twig with you that something may be wrong with this organization, that it's not quite efficient, that calls are being missed, that complaints are coming in? Did any of that register on your radar?

Mr. Fred Rusk: Well, at the time I was there, the contracts were still operated by Canadian Helicopters and Voyageur Airways. I don't know when the 139s came into being, but it was certainly after I left. So the program was being run—the only fixed-wing program, once the contract ended with Voyageur and Ornge bought the Pilatus aircraft—I forget exactly; it was about the last year I was there, I think, because I was involved in the hiring of the pilots. That was probably one of my last duties when I was there, hiring pilots to fly the fixed-wing, but the bases hadn't started up yet. We were, I think, about six months in advance of hiring the pilots, four months in advance before the bases started.

The Chair (Mr. Norm Miller): I'm afraid you're out of time, Mr. Klees. We shall move to the NDP. Ms. Gélinas.

M^{me} France Gélinas: Thank you. You were in charge of the safety management system while you were at Ornge, and that was at a time when the helicopters were being provided by Canadian Helicopters and Voyageur Airways, and at the tail end Ornge had purchased their own aircraft, the Pilatus, and you were also responsible for the health and safety, I want to say, but you use a different—occupational health and aviation safety for the new aircraft and for the people working on the new aircraft?

Mr. Fred Rusk: I'm hesitant because I don't know exactly when they started.

M^{me} France Gélinas: Did you see the new aircraft while you were at Ornge?

Mr. Fred Rusk: I saw them without the interiors in them before they were put into service, and I participated in the interior design for the patient side of things, but I've never seen one finished.

M^{me} France Gélinas: At the time—you were now working for Ornge—there were people, Malcolm Bates being one of them, at emergency health services at the ministry. Did the ministry oversee any of this? You used to be the overseer doing the annual inspection and visiting the different bases. Now that you were at the receiving end, did people from the ministry talk to you, come and inspect, do you what you used to do?

Mr. Fred Rusk: No. I had no involvement with the ministry people.

M^{me} France Gélinas: No? Did anybody else at Ornge have any type of involvement with the ministry?

Mr. Fred Rusk: In what regard? As far as the aviation side of things go or—

M^{me} France Gélinas: As far as oversight.

Mr. Fred Rusk: Well, it certainly wasn't me, so I don't know who it would have been. Probably Steve Farquhar, Tom Lepine—truly, I really don't know.

M^{me} France Gélinas: But do you remember you told me that when you were at the ministry, every year you would go on-site and visit the different bases you had, and you told me you physically went? Some of them had problems, because the back of the helicopters were not clean because they used them. But didn't the ministry do

the same thing: come and ask questions about something as important as safety?

Mr. Fred Rusk: They didn't ask me.

M^{me} France Gélinas: They didn't ask you.

Mr. Fred Rusk: No. The first year, I was the manager of safety. On the air side, coming into it, I went and visited every air base that was under contract, every provider. I sat down with them and met with them and I had a consultant with us to make sure that all the t's were crossed and i's were dotted. The Ministry of Natural Resources representative came with us as well. We did it over a period of two or three days.

M^{me} France Gélinas: Okay, but then—

Mr. Fred Rusk: But nobody from the Ministry of Health. I think I've seen Malcolm three times since I left the ministry: once at a funeral, once at a retirement and I think at Chris Mazza's son's funeral.

M^{me} France Gélinas: Although you were the manager of occupational health and aviation safety, nobody from the government would ever ask you questions about occupational health and aviation safety?

Mr. Fred Rusk: No—well, except the Ministry of Natural Resources. Their lead person and I continued to work together, because I felt that there was still a responsibility to the Ministry of Natural Resources as far as—because they were the lead ministry for aviation, so I kept in contact with them constantly.

M^{me} France Gélinas: And who would—sorry.

Mr. Jagmeet Singh: What was your communication like with the Ministry of Natural Resources? Who did you speak with and how often?

Mr. Fred Rusk: Well, anything to do with pilot qualifications or aircraft equipment or whatever to do with the—his name was Ken Wong.

Mr. Jagmeet Singh: And how often did you meet with Ken Wong?

Mr. Fred Rusk: By phone, probably at least once a week.

Mr. Jagmeet Singh: Once a week. And then in person?

Mr. Fred Rusk: Maybe two or three times a year.

Mr. Jagmeet Singh: And this was for the entire five years that you were at—

Mr. Fred Rusk: No. No, because the first year I had nothing to do with—

Mr. Jagmeet Singh: Oh, that's right. The last three years, maybe?

Mr. Fred Rusk: For sure.

Mr. Jagmeet Singh: The last three years, for sure.

Mr. Fred Rusk: Yes, and quite honestly, there was a bit of a quandary, even on his side, because he didn't quite understand—I mean, I went to him because I felt he was an expert in the aviation side of things.

Mr. Jagmeet Singh: Can I just pause you for one second? I just want to ask you—we'll come back to that in one second—

The Chair (Mr. Norm Miller): You have about two minutes.

Mr. Jagmeet Singh: Did you hear of anyone else in the ministry—maybe you didn't deal with them directly, but did you hear about anyone from the ministry doing what you used to do: coming in to check on Ornge's delivery of patient care or delivery of the services, or checking on the aircraft?

Mr. Fred Rusk: I saw Malcolm Bates and I believe Dennis Brown come into the dispatch centre, and they had to kind of walk through our area. It was a cordial "Hello, how you doing?", a wave type of thing.

Mr. Jagmeet Singh: And when was that?

Mr. Fred Rusk: Oh, brother.

Mr. Jagmeet Singh: Or how many times was that? Was that often? Did you see them regularly—

Mr. Fred Rusk: No, I only saw them once.

Mr. Jagmeet Singh: Only once.

Mr. Fred Rusk: Yes.

M^{me} France Gélinas: Once in between 2004 and 2009? That was it? That was all?

Mr. Fred Rusk: Okay, I'm trying to be a little clearer than I guess I was earlier, but, I mean, if I say "once," it might have happened two or three times. You know, I really—

M^{me} France Gélinas: Okay. But it was not a thorough check or inspection or—

Mr. Fred Rusk: No, no, it was just a pass-through.

M^{me} France Gélinas: —not to the extent that—when you went to the different bases, you asked questions, you looked. He didn't do any of that?

Mr. Fred Rusk: I didn't see them do any of that.

M^{me} France Gélinas: No.

Mr. Fred Rusk: No.

M^{me} France Gélinas: And if there had been questions about occupational health and aviation safety, would somebody else but you have been responsible to do that?

Mr. Fred Rusk: No. Well, the pilots themselves—but, I mean, no.

M^{me} France Gélinas: That was your responsibility.

Mr. Fred Rusk: And I dealt with Ken Wong.

M^{me} France Gélinas: And you dealt with Ken Wong. Okay.

Mr. Fred Rusk: He's the aviation—I don't know what his title is, with the Ministry of Natural Resources.

Mr. Jagmeet Singh: Would you say that the oversight was not there, that there wasn't good ministry oversight while you were at Ornge?

Mr. Fred Rusk: Well, I'm tainted because of the newspaper articles. It's obvious that there wasn't.

Mr. Jagmeet Singh: But in your personal experience, did you feel—compared to what you used to do, as someone who oversaw the emergency services, do you think that there was not the same oversight when Ornge came about?

Mr. Fred Rusk: I didn't have any reason to ask, quite frankly. I mean, I had left the Ministry of Health. I was doing what I thought was a good job at Ornge.

1010

M^{me} France Gélinas: Who told you that you were redundant?

Mr. Fred Rusk: Rick Potter.

M^{me} France Gélinas: Rick Potter? Did he explain why, all of a sudden, health and aviation safety was redundant?

Mr. Fred Rusk: They had hired a chap from Air Canada who was more qualified than myself, I suspect.

Mr. Jagmeet Singh: Who was that?

Mr. Fred Rusk: I don't know his name; I forget his name.

M^{me} France Gélinas: To do the same thing you were doing?

Mr. Fred Rusk: Well, I don't know what he's doing. I guess he's looking after SMS and system safety and that.

The Chair (Mr. Norm Miller): You are out of time, so we'll move to the government. Mr. Zimmer.

Mr. David Zimmer: How much time do I have, Chair?

The Chair (Mr. Norm Miller): You have 10 minutes.

Mr. David Zimmer: Do you know Jacob Blum?

Mr. Fred Rusk: I do know Jacob Blum.

Mr. David Zimmer: Did you work with Jacob Blum?

Mr. Fred Rusk: I beg your pardon?

Mr. David Zimmer: Did you work with Jacob Blum?

Mr. Fred Rusk: No. Well, he worked at Ornge and I worked at Ornge.

Mr. David Zimmer: And were the two of you in the so-called executive cadre, the executive suite—that sort of thing?

Mr. Fred Rusk: No. I wasn't on the executive side.

Mr. David Zimmer: What was your working relationship with Blum?

Mr. Fred Rusk: He wasn't in my department. He worked in the executive area. He may have asked questions about: How did the ministry do this? How did the ministry do that? There may have been a couple of projects that he and I were involved with—not just the two of us but with other people. I can't recall exactly what it might have been, but it was probably some sort of operational issue that they asked me to partake in—but certainly not a working relationship, no.

Mr. David Zimmer: Do you know who Tom Lepine is?

Mr. Fred Rusk: I certainly do.

Mr. David Zimmer: Mr. Lepine told us, when he gave his evidence, that the gossip around the Ornge place was that there was some illicit drug abuse going on, and he specifically referenced Mr. Blum in that regard.

Mr. Fred Rusk: I read that.

Mr. David Zimmer: What's your reaction to that?

Mr. Fred Rusk: I was stunned. I was surprised.

Mr. David Zimmer: That's the first you became aware of it?

Mr. Fred Rusk: Absolutely.

Mr. David Zimmer: And no knowledge of illicit drugs, cocaine, anything like that?

Mr. Fred Rusk: No, I—totally surprised.

Mr. David Zimmer: In your working relationship with Mr. Blum, to the extent that you interacted with him

on a professional or management basis, what was your opinion of his management style?

Mr. Fred Rusk: I don't think he managed anybody, quite frankly.

Mr. David Zimmer: What was your opinion of his—

Mr. Fred Rusk: He was kind of the adviser, I suppose—

Mr. David Zimmer: Adviser to?

Mr. Fred Rusk: To the senior group, I suspect. I probably did know his position, but I don't recall what his position was now.

Mr. David Zimmer: You used the expression in an answer to a line of questioning from Mr. Klees about the events surrounding when you left Ornge, that you were offered a retirement gratuity rather than a part-time job that they wanted you to take, and redundancy—finally you used the expression that you viewed your departure as a wrongful dismissal.

Mr. Fred Rusk: Well, that's what I told them.

Mr. David Zimmer: Why were you of the view that your departure amounted to a wrongful dismissal?

Mr. Fred Rusk: Because I didn't want to retire at the time.

Mr. David Zimmer: Why did they want you to retire?

Mr. Fred Rusk: Because I was 65 and I guess they thought I had to retire. I didn't think I had to.

Mr. David Zimmer: But these are the same people who in effect offered you a contract for a year or so with Ornge and then took the initiative to move you from a contract basis to permanent employee and gave you serious responsibilities—aviation safety and all that.

What happened that made them decide it was time for you to get out? Something must have triggered that and something must have triggered your thought that that amounted to a wrongful dismissal.

Mr. Fred Rusk: It took me by surprise, quite honestly. I was hoping I could still do some work and be part of the air program. So when I gave it some thought, I just basically said, "What you're doing is pushing me out, and you can't do that." At least I thought they couldn't. And so—

Mr. David Zimmer: What, in your view, triggered it? You started off with what seemed to be a pretty good relationship with Dr. Mazza. You described him as an exemplary and an effective CEO and you said you were quite taken with what he wanted to do on the air ambulance and at Ornge, and then somehow the relationship soured and they wanted you out. What's your theory? What went on there?

Mr. Fred Rusk: I have no idea.

Mr. David Zimmer: All right.

Mr. Fred Rusk: I think they—

Mr. David Zimmer: All right, I'm—

Mr. Fred Rusk: Let me answer that. I think I might—

Mr. David Zimmer: Sure. Go ahead.

Mr. Fred Rusk: I think they were looking for someone who was a professional in the aviation business. They weren't looking for somebody who had historical value because I think they had passed that, quite frankly,

and I think when they started bringing in people at the time in the aviation department, these were people that were involved in the aviation industry. I suspect that they felt my time was due, I guess.

Mr. David Zimmer: When you say "they," I gather the effective decision-maker on that was Dr. Mazza?

Mr. Fred Rusk: Well, I dealt with the human resources people, and I'm sure Dr. Mazza was involved with that.

Mr. David Zimmer: Yes, because we've heard Dr. Mazza was very much a hands-on guy. I listen to your answers now and I detect a certain frustration or disappointment—indeed, anger—at how the Mazza organization treated you.

Mr. Fred Rusk: Well, up until that point, yes.

Mr. David Zimmer: In my earlier round of questions, however, you did describe Mazza as an exemplary and effective CEO. I'm having trouble juggling these two views. On the one hand, you said, "They pushed me out"—

Mr. Fred Rusk: I can understand that, now that I've read the newspapers—

Mr. David Zimmer: "I felt I was wrongfully dismissed." Mazza was, in effect, the guy behind all of that, and then on the other hand you say, "Well, no, he was an exemplary and effective CEO." I'm having trouble reconciling your view of your relationship with Mazza and your view of Mazza's skills and defects. Help me sort that out in my mind. You're all over the map on this.

Mr. Fred Rusk: Well, it's very difficult, you know, to—he was a physician. I've always looked up to physicians in my career. He presented well. He came in to help the ministry during the SARS crisis. He even helped after the 9/11 issue. He was front and centre and ready to go to help in the United States as backup to their system going to New York. I saw a lot of the good things; I'm sorry. But you've had the benefit of listening to an awful lot of people, and I've had the misfortune, I guess, to read about it in the newspaper where I'm sure it's slanted some way. It's a little bit, but—

Mr. David Zimmer: I come back to my last question again: Ornge, over a period of five years from 2004 to 2009, was a big event in your life, and yet in this detailed resumé, no reference to Ornge.

Mr. Fred Rusk: Actually, I said this to Mr. Klees when he phoned me last week, that I'm embarrassed to—

Mr. David Zimmer: Why are you embarrassed? I'm not saying you've—

Mr. Fred Rusk: Because of this. Because of the reputation that I think I have with the private ambulance operators, the air ambulance—

Mr. David Zimmer: If you were applying for another job tomorrow in answer to an ad for someone with your skill set, would you tell them in your resumé about your Ornge connection?

Mr. Fred Rusk: Certainly I would. I'd play it down, believe me. I think I have a lot more—

Mr. David Zimmer: Thank you. My colleague wants to have a few minutes.

Mr. Fred Rusk: That may put me in a bad light with you folks, but I was there trying to do the best I could and working with the people there. The people that are still there, the worker bees, as I call them, are good people, and they do good work every day. To read about it in the newspapers—believe me when I say I don't like reading about it. As I said to Mr. Klees, I'm truly embarrassed that I was there. I just truly hope—and this will come at the end of all this, I suspect—that it will be back up on the same level as it was when I knew it. Like I think Mr. Klees said, the father of it—well, I don't consider myself the father of it, but I was certainly instrumental in the starting of the program back then. It has come such a long way, and to have it dragged through the mud because of this one person—and maybe many others, I don't know, but certainly this one person—it's hurtful, to tell you the truth.

1020

Mr. David Zimmer: Thank you.

The Chair (Mr. Norm Miller): Mrs. Sandals, if you want a couple of minutes, you can go ahead.

Mrs. Liz Sandals: I wonder if we could quickly go back to the time when you were with the ministry. You talked about the base hospital program. As the manager of air ambulance, did you have responsibility for the base hospitals?

Mr. Fred Rusk: For the air base hospitals, yes. When you say "responsibility," not the day-to-day operation of it. It was a funding issue with the hospital that they worked for.

Mrs. Liz Sandals: So you would have had involvement with the budget and engaging the base hospitals?

Mr. Fred Rusk: I was.

Mrs. Liz Sandals: Okay. I also want to recall a comment you made—

Interjection.

Mrs. Liz Sandals: Something just occurred to me. You said you were talking to Mr. Klees last week. Could you tell us about that?

Mr. Fred Rusk: Certainly. He just gave me a phone call and asked if me if I'd accept an invitation to attend this committee meeting. I said, "Well, I'd be happy to help in any way I can. I don't know whether or not I can"—

Mrs. Liz Sandals: Because normally it's the clerk who engages you to appear. So was this sort of a pre-interview to find out what you might have to say?

Mr. Fred Rusk: No. He didn't ask me any questions like that. He just wanted to know if I'd be willing to accept an invitation.

Mrs. Liz Sandals: But you got into a discussion of your feelings about Ornge.

Mr. Fred Rusk: I told him that I was—I think I might have said I was embarrassed because of the goings-on.

The Chair (Mr. Norm Miller): And you are out of time.

Mr. Frank Klees: Chair, I think it is important to clarify this. The clerk had advised us that he did not have contact information for Mr. Rusk. I believe that message

went around to all the committee members. We took it upon ourselves to do some research. We located the contact information for Mr. Rusk. I gave Mr. Rusk a phone call in the interest of assisting the committee.

The Chair (Mr. Norm Miller): Very well. Thank you very much, Mr. Rusk, for coming in this morning.

Mr. Fred Rusk: You're more than welcome. I would just like to say one final thing.

The Chair (Mr. Norm Miller): Go ahead.

Mr. Fred Rusk: Please don't misconstrue anything I've said in the sense that I'm trying to hide something. I never have, in my 40-some-odd years working in this business, if you want to call it that. If it's something that I've left out, it's only because I certainly don't recall it. It's been nine years since I left the Ministry of Health. Honestly, I've never been back. It's been four years, three years, since I left Ornge, and I've never been back. I still get a lot of phone calls from the private air ambulance operators asking me if I'd be interested in coming back and working with the air ambulance program again. I'm 68 years old. I think it's time for me to do some other things.

I'm happy to help. I've done a lot of—I call it pro bono work, with some other ambulance services, some software companies that are interested in making electronic charting for the air programs. I still attend the conferences that happen in the United States. It was my life, and I was very privileged to take part in it, as well as being in charge of the health needs for all the heads of state and internationally protected persons for 19 years.

I've worked with the RCMP and the OPP and with crown attorneys during my career. I'm always surprised—truly, I'm always surprised—when something goes amiss. I have a high trust relationship with a lot of people in the ambulance industry in this province, and I know that bad things can happen.

I'm just saying this from the bottom of my heart: Just make sure, whatever you do and whoever does it, that you retain the air program in this province. There are so many whose lives have been saved and whose lives have been affected by the people who work on these air ambulances. It goes without saying that I'm sure that will be your conclusion in the end, because there have been a lot of changes, obviously, in the last six months.

Thank you very much, Mr. Klees and this committee, for inviting me here today. I'm happy to be here.

The Chair (Mr. Norm Miller): Thank you for coming.

For the committee, we're recessed until this afternoon.

The committee recessed from 1026 to 1232.

MINISTRY OF HEALTH AND LONG-TERM CARE

The Chair (Mr. Norm Miller): I call this meeting to order. Welcome back, Mr. Malcolm Bates. You've been before the committee before, so I don't believe we need to do an oath again, because you've already done one.

Did you have an opening statement you wanted to make, or did you want to—

Mr. Malcolm Bates: Yes, I do.

The Chair (Mr. Norm Miller): Okay, go ahead, then, with your opening statement, Mr. Bates.

Mr. Malcolm Bates: Thank you very much. I think it's being distributed.

The Chair (Mr. Norm Miller): Okay, great. Are you now retired? I remember the last time you were here, you were getting close to it.

Mr. Malcolm Bates: Well, Jim and I—I told Jim five years ago I would be retired by this point and I would never see him again. I hope sincerely that I can keep that promise this time.

Laughter.

Mr. Jim McCarter: When are you going, Mr. Bates?

Mr. Malcolm Bates: Well, if it were not for this particular event, if we want to call it an event, I would be gone by now. I'm a little past the due date, or stale date, whatever it is.

Anyway, good afternoon, everyone. My name is Malcolm Bates. I'm the director of the emergency health services branch of the Ministry of Health and Long-Term Care. Thank you for this second opportunity to address the Standing Committee on Public Accounts with respect to the Auditor General's report into the Ornge air ambulance service. Today, I'll focus my remarks on ministry investigations into air ambulance and related services, that being Ornge.

At the outset, I think it would be helpful for me to outline the ministry's complaints process. The services provided by land and air ambulance operators generate a number of complaints or concerns each year. For land ambulance operators, most are handled directly by the ambulance services themselves; those are primarily municipalities, of course. All complaints regarding Ornge now must be reported to the ministry.

The branch receives complaints or inquiries from a variety of internal and external sources: through the ministry itself, municipal representatives, managers or directors of emergency medical services, dispatch centres, Ornge, as well as through patients, their families, the local or regional coroner, police services and legal representatives.

Complaints are conveyed to the ministry's emergency health services branch, which conducts an investigation into each complaint and reports the findings to the complainant as well as to the relevant ambulance service.

The branch currently has a number of ongoing investigations—approximately 50—related to incidents concerning Ornge's response to various patients requiring air ambulance service across the province.

Now, each investigation typically takes many weeks to complete. These investigations reflect a variety of concerns. They range from the standard of medical care to Ornge's responsiveness to requests for air ambulance service.

As I'm sure you can appreciate, we should be cautious about discussing any specifics related to individual pa-

tients whose privacy and personal health information is protected under Ontario's Personal Health Information Protection Act.

I should point out that the ministry's process allows for some of these complaints to be forwarded to the service operator to conduct its own internal investigation and then report to the complainant. As of mid-May 2012, the branch's investigation services had not, however, redirected any complaint to Ornge for its own internal investigation. Any internal investigations that had been undertaken by Ornge would have been in response to complaints it received directly.

In terms of the process in relation to the Office of the Chief Coroner, section 10 of the Coroners Act requires that the coroner be notified if an investigation involves a deceased patient whose manner of death meets legislated criteria. The decision whether to conduct an inquest rests with the coroner's office.

So that's the process of investigations.

The purpose of an investigation is to determine whether there had been any contraventions of the Ambulance Act, its regulations or the standards made under that act; to work with the operator of the ambulance service in question to identify issues which require remediation; and to follow up with the operator with respect to the actions that have been taken to avoid future re-occurrences of identified problems.

It's important to note that the branch does not conduct investigations into matters covered by any other provincial or federal legislation, nor does it determine the cause of injury or death, nor does it delve into the actions of other agencies, such as fire and police.

Thank you again for this opportunity to outline the ministry's complaints process with respect to air and land ambulance services. Now I invite your questions.

The Chair (Mr. Norm Miller): The NDP will go first this time. Who would like to go first? Mr. Singh?

Mr. Jagmeet Singh: Yes. Thank you.

The Chair (Mr. Norm Miller): You have 20 minutes.

Mr. Jagmeet Singh: Thank you so much.

Mr. Bates, we heard some testimony today from an individual who also worked at—you're nodding your head. You know who I'm talking about.

Mr. Malcolm Bates: I do.

Mr. Jagmeet Singh: If you could just explain to me the process underneath the original Ontario Air Ambulance in terms of what the ministry did for oversight and how that differed with the development of Ornge?

Mr. Malcolm Bates: All right. Well, prior to Ornge assuming responsibility—and I think I pointed this out the last time we were at this particular session—the ministry basically had full responsibility for the provision of air ambulance services in the province. That was accomplished in a number of ways, one of which is, it had a small administrative group, called the air ambulance unit. It had contracts with two dedicated carriers, Canadian Helicopters and Voyageur Airlines. It utilized standing agreement operators, primarily in the north, to provide service whenever necessary. A dispatch centre, com-

munications centre, was operated directly by the ministry. So we had fairly good, if not excellent, information over what was taking place in the system.

We also had investigative activities that we conducted. We had, I believe, four investigators and a manager who conducted investigations whenever necessary. Service visits were conducted as opportunities permitted throughout the province, and at various times there was—I think Fred mentioned this morning that Mr. Brown was manager of air ambulance, so he had a very good background. We also utilized the Ministry of Natural Resources from an aviation perspective to—

Mr. Jagmeet Singh: Mr. Bates, I'm sure there are a number of other things. Now if you could just contrast that. When the Ontario Air Ambulance transitioned into what we now call Ornge—

Mr. Malcolm Bates: Yes.

Mr. Jagmeet Singh: —what was the ministry's oversight process then?

Mr. Malcolm Bates: Well, let me go back, if you will, a few years, to about 2000, I believe it was. At that time, the regulation under the Ambulance Act included substantial requirements for the air ambulance services and for air operators. At that time, the Red Tape Commission decided that it would in fact look into the standards provided under the regulation, and significant and substantial changes occurred to the regulation at that particular point in time as a result.

1240

Mr. Jagmeet Singh: That was in 2000?

Mr. Malcolm Bates: 2000, yes.

Mr. Jagmeet Singh: Let me just pause you there. We can come back to that in a minute, Mr. Bates. If you could just tell me about Ornge, though: When Ornge came into effect, what was the ministry doing in terms of oversight? You just listed a number of things that you did under the air ambulance, but when Ornge came into effect, what was different there? Did the ministry do regular visits?

Mr. Malcolm Bates: I was going to say that what changed as a result of the Red Tape Commission was that it went from a licensing situation to a periodic certification situation. I think I explained certification at some length previously. Operators are certified according to the air ambulance certification standards, every three years—

Mr. Jagmeet Singh: Right. We're familiar with this.

Mr. Malcolm Bates: Pardon me?

Mr. Jagmeet Singh: We're familiar with the certification. So what did the ministry do in terms of overseeing Ornge—

Mr. Malcolm Bates: That is part of a certification. It's part of the oversight—a very important part of the oversight.

The air ambulance unit was disbanded when Ornge assumed responsibility for it, because as you recall, the Provincial Auditor, the Auditor General, said that the performance agreement gave Ornge responsibility for making all key operating decisions, including how to

provide service, how many and what type of aircraft, how to establish and evaluate medical oversight, when to dispatch ambulances and which paramedics—

Mr. Jagmeet Singh: We can read it, I'm sure.

Mr. Malcolm Bates: So oversight was changed radically. We did investigations of complaints, we did certification, and of course we reviewed financial information provided to us.

Mr. Jagmeet Singh: Okay. How often, in terms of going from being very heavily involved—obviously, it was directly linked to the ministry, so you would attend and visit the different air bases across the province. What happened in terms of the actual—were there regular visits at Ornge facilities or air bases? Was there regular inspection of the aircraft that were being used? Were those types of steps taken?

Mr. Malcolm Bates: That's what I was endeavouring to say. Certification came in, and it changed things. It became a three-year periodic review of what was taking—including exactly what you just mentioned.

Mr. Jagmeet Singh: So those things wouldn't happen on a regular basis; they would happen every three years.

Mr. Malcolm Bates: Yes, other than a few unannounced inspections and certainly a number of investigations that took place in which we reviewed all aspects according to whatever transpired under that investigation.

Mr. Jagmeet Singh: Okay. And how many unannounced visits did you have, that you conducted? Mr. Rusk indicated at least one time that he remembered seeing you come by.

Mr. Malcolm Bates: No. I think, sir, you're confusing—an unannounced visit, an inspection, is when a member of emergency health services' certification team or a manager visits an air ambulance base, if you will, under Ornge's jurisdiction.

What Mr. Rusk was referring to—and I paid very special attention to Mr. Rusk this morning—was in fact the normal sort of exchange of visits and discussions between the administration, the executives of Ornge, and emergency health services.

Mr. Jagmeet Singh: Thank you for clarifying that. I actually was confused. But then how many times were there these random inspections? How many times were there unannounced inspections? How many times did that happen?

Mr. Malcolm Bates: It's not possible to do a lot of unannounced inspections because of the constraints. Let me just tell you what happens.

Mr. Jagmeet Singh: It's okay. I'm just wondering, can you say roughly how many times in a month or in a year they would have occurred—

Mr. Malcolm Bates: They've done 10 in the last year.

Mr. Jagmeet Singh: Ten in the last year?

Mr. Malcolm Bates: Yes.

Mr. Jagmeet Singh: How many in the years before that?

Mr. Malcolm Bates: Very few. In fact, they were not recorded prior to that.

Mr. Jagmeet Singh: They were not recorded. So from, let's say, 2004 to 2005, would there be—

Mr. Malcolm Bates: I can tell you exactly how many investigations there were. There were 105 Ornge investigations from 2007 to 2011.

M^{me} France G  linas: He's talking about complaint investigations.

Mr. Jagmeet Singh: Right. Not complaint investigations—I'm talking about the unannounced visits. You said there were 10 of them in the last year. How many of them were there from 2004 to 2005?

Mr. Malcolm Bates: There were very few. They were not recorded. I do not have the number.

Mr. Jagmeet Singh: Okay, very few. Would it be possible that there were none in that one year?

Mr. Malcolm Bates: It's possible—

Mr. Jagmeet Singh: And 2005 to 2006—

Mr. Malcolm Bates: —but the fact of the matter is that a number of us would go to Ornge; we'd go to the dispatch centre, for instance. You could say that was an unannounced visit sort of thing, because they didn't know we were coming—

Mr. Jagmeet Singh: But it wasn't an exhaustive actual—

Mr. Malcolm Bates: No, no.

Mr. Jagmeet Singh: So, 2005 to 2006, would there have been any? Do you recall?

Mr. Malcolm Bates: I don't believe so.

Mr. Jagmeet Singh: Okay, and then 2007 to 2008—would there have been any?

Mr. Malcolm Bates: As I say, I don't know. I don't think so. I don't believe so. He didn't report it.

Mr. Jagmeet Singh: That's fine.

Mr. Malcolm Bates: It was a—

Mr. Jagmeet Singh: I'm just pinpointing when the 10 were. It wasn't in 2009-10, either? It would have been in 2011.

Mr. Malcolm Bates: Yes. It's basically as a result of the good work of the Auditor General pointing out the need for unannounced visits.

Mr. Jagmeet Singh: So before the Auditor General's pointing it out, unannounced visits essentially weren't really done?

Mr. Malcolm Bates: They were conducted in the land service, primarily.

Mr. Jagmeet Singh: And not in the air ambulance service?

Mr. Malcolm Bates: Not in the air.

Mr. Jagmeet Singh: Okay. M^{me} G  linas.

M^{me} France G  linas: Why would that be? Why is it that we continue to do unannounced visits on the land ambulance—I'm guessing because they added value if you kept on doing them—but the same was not done for air?

Mr. Malcolm Bates: Well, as I said, it was a result of what the Auditor General pointed out to us. We started with the land services, because at the time we felt those were more important; they are the predominant number of services that we have, sort of thing. So, in about 2008,

we started unannounced inspections in that particular area and worked from there to unannounced in air.

The problem with air, as I was going to point out to you—land services are easy to do unannounced inspections on, because you go to a base and normally there's an ambulance in the base, all right? You go to an air base, but chances are good, because there's usually only one aircraft at that particular base, that it could be gone. You've now wasted your resources—the funding to go there, the cost to go there to do an unannounced inspection. So I directed that we would do unannounced inspections only when individuals from the certification unit or the investigation unit happened to be in the area. We don't have significant enough resources to do a lot of these. We have to be very economical as to how we do these—

M^{me} France G  linas: So that was a conscious decision?

Mr. Malcolm Bates: Absolutely.

M^{me} France G  linas: And when did you make the decision that you would only go to unannounced visits to the air ambulance?

Mr. Malcolm Bates: In 2011. Before that, it wasn't productive, if you want to call it that, to do that because the aircraft are out; the paramedics are out. To be frank, we had no indication that there was any difficulty. Every indication we had was that the air ambulance service was, in fact, working efficiently.

Mr. Jagmeet Singh: Just to clarify, Mr. Bates, in 2011 when you did the 10 investigations, nothing significant changed in terms of the funding, in terms of the availability of resources? It was the same as before, right?

Mr. Malcolm Bates: It was the same as before, yes.

Mr. Jagmeet Singh: So the same way you were able to do 10 in 2011—

Mr. Malcolm Bates: Sorry, 2011-12.

Mr. Jagmeet Singh: —2011-12, you could have done those in any prior year as well?

Mr. Malcolm Bates: We could have.

Mr. Jagmeet Singh: I just wanted to switch gears a bit and ask you about Mr. Apps and Don Guy. Have you had any meetings or any calls with either of them?

M^{me} France G  linas: We'll go to his question in one minute.

Mr. Malcolm Bates: Sure.

M^{me} France G  linas: You made a conscious decision. You felt that everything was going good at Ornge; therefore you wouldn't use resources to do unannounced visits until after the good work of our auditor, who pointed the way, and then you started doing them. I want you to look back and think. If you had been doing those, do you figure you would have picked up on anything?

Mr. Malcolm Bates: I don't think we would have picked up very much. I'll tell you why. We were doing investigation reports, and whenever there was a problem that came to our attention, the investigators would, in fact, conduct the investigation and bring that forward.

M^{me} France G  linas: Since 2011, when you did 10 unannounced visits, what have you worked on?

Mr. Malcolm Bates: What have we worked on, or what has changed?

M^{me} France Gélinas: Well, let's start with you have done 10. I'm guessing that if you kept going back it's because—the auditor didn't tell you to go there every month; the auditor just told you that this is one tool that you should be considering. The fact that you took it from zero to 10 in one year: Well, it's my assumption that you kept on going because there was a reason to go.

Mr. Malcolm Bates: No. There was a reason, of course, but the reason was that the Auditor General recommended that we do that, and we follow what the Auditor General recommends to us very closely.

1250

M^{me} France Gélinas: So why 10 in a year? Why not three?

Mr. Malcolm Bates: It's only because if someone happened to be in the area—I asked that we conduct these unannounced inspections as part of a continuing process of unannounced inspections with land as a result of what the Auditor General recommended. In fact, that's what we did. As part of it, we would go forward and when, in fact, someone was in the area, they would conduct—for instance, my senior manager of operations was in Sudbury a month ago. I said, "Please do an unannounced inspection at the Sudbury base." And that was done.

M^{me} France Gélinas: And did anything come of those 10 that you have done in 2011-12?

Mr. Malcolm Bates: Well, I think that part of it—and I believe that this was mentioned in the newspaper—there was one particular one that revealed that there was no staffing at the London air ambulance base. There was one, in particular, at Timmins, that showed there was down-staffing. The rest of them basically said that the staff were in place when, in fact, the equipment was there, and the equipment was clean.

M^{me} France Gélinas: And do you have a format that you follow for those unannounced inspections?

Mr. Malcolm Bates: We do.

M^{me} France Gélinas: And when was that format developed?

Mr. Malcolm Bates: It was developed in 2008 for the land services and carried over for the air. They're basically a similar format, because you're looking at: Is a vehicle—whether it be air or land—clean? Is the equipment there? Is the staff there? Is the base secure? A number of things like that.

M^{me} France Gélinas: So the tool to do this was developed to do the land ambulance. You started using it in 2008, and then you started using that same tool in 2011. So far, out of the 10 that you have done, two have brought back issues—

Mr. Malcolm Bates: That's right.

M^{me} France Gélinas: —mainly staffing issues—

Mr. Malcolm Bates: Exactly.

M^{me} France Gélinas: —and the other eight brought back nothing?

Mr. Malcolm Bates: Well, it's not nothing. They indicated that, in fact, the staff was there that was re-

quired, if indeed the helicopter was there. If the helicopter or the fixed-wing was out of base, then they simply determined that, and said the aircraft was gone. We couldn't do the type of analysis that we normally like to do.

M^{me} France Gélinas: Okay. Out of the 10, would you know how many times the investigated report came back to, "We couldn't. They were not there"?

Mr. Malcolm Bates: I know that when my manager went to Sudbury that was the case, but I don't know of the other ones.

M^{me} France Gélinas: So one out of the 10 was not there; the other nine, they were there, and two of them—

Mr. Malcolm Bates: No, I can't say that.

M^{me} France Gélinas: You just know for a fact that in one, they were not there.

Mr. Malcolm Bates: Yes. But I assume that in other instances the same was the case.

M^{me} France Gélinas: So I just asked you: If we had been doing those, do you figure it would have brought something forward? You said that you don't think so. But we've done 10 now, and on two of those 10 there were staffing issues. Wouldn't it be reasonable to think that you would have picked up on staffing issues had you started doing them in 2008 or any time before?

Mr. Malcolm Bates: From time to time I suppose that could happen, but the fact of the matter is, we watched what was happening in air ambulance through the investigation side of things, and we saw no indication prior to 2011 that there were staffing issues.

M^{me} France Gélinas: So you had no idea that there could have been staffing issues? You had no idea that there could have been any issues going on?

Mr. Malcolm Bates: Normally when something like that happens, and the aircraft can't respond, something takes place in the sense that it's normally a complaint from somewhere to let us know—

M^{me} France Gélinas: So this sense of security came from: If something goes wrong, somebody will complain, therefore we will know; there was no complaint coming forward, so you felt pretty secure that things were going well?

Mr. Malcolm Bates: Well, we looked at the number of investigations versus the number of calls. The trend was not out of line, as I said. We were not getting a number of complaints about how Ornge was performing. We were assured, on numerous occasions, by Ornge that they were staffing properly. I have documentation from the chairperson, for instance, that they're totally staffing according to what they're supposed to be staffing.

M^{me} France Gélinas: But we've heard from other witnesses that complaints did go to you. I will take Jacob Blum. He came and said that he had weekly meetings with the ministry, and when he decided to leave Ornge, he was distressed about what was going on, and he went to the ministry and complained. If you base your assessment that all is good because there's no complaint, then there's something that doesn't work, because a number of witnesses have come to us to say that they went to the

ministry and they did put in complaints about Ornge. How do you—it doesn't work for me here.

The Chair (Mr. Norm Miller): You have two minutes.

Mr. Malcolm Bates: I think, number one, you have to look at the time element. The complaints that started coming in were in 2011, primarily. Jacob Blum left in July 2008. With respect to his contention that he met weekly with us—he certainly was not in operations, in any case. Jacob had nothing to do with operations. His contention that he met with us every week—he certainly didn't meet with myself, because I did not meet with Jacob more than once or twice over the period of time that he was with Ornge. He met with—and I went back after I heard that testimony and spoke to Dennis Brown, who was our manager at that particular time, who was in charge of all contact with Ornge other than financial. He indicated that, yes, he met with Jacob several times a week when the performance agreement was being negotiated. He met with him from time to time when the transfer of staff was taking place. Thereafter, he met with him maybe once a month. So as far as what Jacob said goes, I think I have to take exception to that. It was—

M^{me} France Gélinas: So are you telling us that you never heard any complaints from Ornge?

Mr. Malcolm Bates: From Ornge itself?

M^{me} France Gélinas: From what was going on at Ornge. Nobody ever went to the ministry to say, "Listen, I have problems with what's going on at Ornge"?

Mr. Malcolm Bates: I'm saying to you, in 2011, all right—

M^{me} France Gélinas: When in 2011?

Mr. Malcolm Bates: July 2011, we received—

M^{me} France Gélinas: And who was that?

Mr. Malcolm Bates: I don't know; It was an anonymous letter.

M^{me} France Gélinas: So—

The Chair (Mr. Norm Miller): You've used your 20 minutes.

M^{me} France Gélinas: Okay.

The Chair (Mr. Norm Miller): We'll move on to the government. Ms. Sandals?

Mrs. Liz Sandals: Yes, Thank you very much, and good afternoon again, Mr. Bates. Let's just carry on with the discussion that you were just having with Ms. Gélinas about the frequency of meetings between the ministry and between Ornge. We've had a number of witnesses who have testified that Ornge met regularly, or Ornge met weekly, and you just cited Mr. Blum. Some say quarterly; some say regularly. But the comment has been that the ministry was kept fully informed about everything that was going on at Ornge and that that included being fully informed about what was happening at the for-profits. Do you generally accept that testimony? From your point of view, how frequent were the meetings and how fully were you informed?

Mr. Malcolm Bates: It's true that we met with Ornge fairly frequently, because it's required under the transfer payment accountability directive. That's a necessity for

us: to meet with our stakeholders. So certainly we met with Ornge.

We developed quarterly meetings after an audit report that was conducted called the Meyers Norris Penny audit. They recommended quarterly meetings, so we set up formal quarterly meetings with Ornge in 2009. There was a number of informal meetings, if you will, primarily through Dennis Brown at that particular point in time.

They kept us informed about a number of things. They kept us informed about what they were planning on doing in the future; they certainly did. We knew from 2003 that they were interested in revenue generation. That was part of their plan in 2003. They kept us informed through the various requirements in their performance agreements, and they provided a five-year plan to us. They told us, again—I think it was in 2008 that they told us that they were intending to purchase aircraft. They told us that they were becoming more interested in generating revenue through various means and methodologies. They did not tell us at that time about the complex group of companies that they were going to set up.

1300

Did they tell us things like that MBAs and purchasing of waffles in Belgium and Brussels? No, they didn't tell us that. Did they tell us about million-dollar salaries? No, they didn't tell us about that. A number of things they did not tell us. Did they tell us about the interior of the aircraft having problems? No, they didn't tell us about that. So there were a number of things that they neglected to tell us.

They changed staff in finance, for instance, very regularly, so we had great difficulty in getting information out of them. The same as the Auditor General had difficulty in getting information, we had difficulty over the years getting information from Ornge about the financial side of things.

So yes, there were meetings, and some of them were formal; there were some informal conversations and dialogues, and that's valid.

Mrs. Liz Sandals: So, generally then, I guess as you look back, what were your oversight possibilities at that point and where were there gaps? Understanding that hindsight is wonderful, but as you think back about what you were told and what you weren't told, what were the big missing bits and how did your existing accountability powers allow you or not allow you to address that?

Mr. Malcolm Bates: Well, as I indicated earlier with respect to changes to the regulation and as a result of the red tape efforts, there was a major change in the regulation that in fact I felt—and if you'll allow me to read it to you. Is that permissible?

Mrs. Liz Sandals: Yes. I was actually going to ask you to explain that because you referenced that, so I think it would be helpful for us to know the difference between licensing requirements and certification requirements.

Mr. Malcolm Bates: Well, I'll start with what was deleted from the regulation in, I believe, 2000, in particular, air. Here are some of the aspects. "Where an applicable enterprise receives funds" from the province

of Ontario “for the purposes of the enterprise, it shall use such funds only for such purposes.”

Mrs. Liz Sandals: So this is the old licensing requirement—

Mr. Malcolm Bates: This is the old one. Okay?

Mrs. Liz Sandals: —or the old rules—

Mr. Malcolm Bates: Well, no. Sorry. This is the financial requirement I’m giving you right now. Okay?

Mrs. Liz Sandals: Okay, but this was prior to the Red Tape Commission intervening?

Mr. Malcolm Bates: That’s right.

Mrs. Liz Sandals: Okay.

Mr. Malcolm Bates: This is what was in effect in 1997; regulation 501 in 1997. Okay?

Mrs. Liz Sandals: Okay.

Mr. Malcolm Bates: It goes on to say that where the province of Ontario provides funds to “an applicable enterprise or to an air ambulance service and directs that such funds shall be used for a particular purpose, the person who operates the enterprise or service shall use such funds only for the purpose so specified.”

Mrs. Liz Sandals: And that got deleted?

Mr. Malcolm Bates: That got deleted.

Mrs. Liz Sandals: Wow.

Mr. Malcolm Bates: The next one is where the province of Ontario provides “equipment, supplies or other tangible property ... to an applicable enterprise or to an air ambulance service, the person who operates the enterprise or service shall use such property only for purposes directly related to the enterprise or service unless a director has approved some other disposition of the property.”

Mrs. Liz Sandals: And you would have been the director?

Mr. Malcolm Bates: Well, not in 1997.

Mrs. Liz Sandals: Well, okay, sorry. The person who occupied your position.

Mr. Malcolm Bates: That’s right.

Mrs. Liz Sandals: Okay.

Mr. Malcolm Bates: And there’s another one which is—

Mrs. Liz Sandals: So, if I can just understand the implication of that, when we had, then, Ornge eventually going out and purchasing aircraft, this business of what appears to be purchasing surplus aircraft for the purpose of international revenue, you, under the old reg, would have had the power to veto that, but you lost that power?

Mr. Malcolm Bates: I believe that. It would require a legal interpretation, but from my perspective I think you’re right.

The next one that was deleted was, “Where funds provided” by the province of Ontario “are used by an applicable enterprise or an air ambulance service to acquire equipment, supplies or any other tangible property, the person who operates the enterprise or service shall use the acquired property only for purposes directly related to the enterprise or service, unless a director has approved some other disposition of the property.”

I think those are very important parts of the regulation that were deleted.

Mrs. Liz Sandals: So those were all deleted about 2000?

Mr. Malcolm Bates: That’s right.

Mrs. Liz Sandals: So, prior to that, the regulation would have given you much more power to intervene in what was happening?

Mr. Malcolm Bates: Precisely. If I could quote from Mr. Frank Sheehan, the chairman of the commission, “The commission recognizes a need to set provincial standards to protect public health and safety. We are not questioning the need for standards. We’re simply questioning the need to manage the process in such a detailed fashion.” I think that’s very important too, because that’s what required the regulation to be changed.

Mrs. Liz Sandals: But it seems to me, from what I am hearing, that even if the intent was not to be overly prescriptive, the practical implication was that you lost a lot of authority to make sure that provincial assets and provincial funds were being appropriately deployed.

Mr. Malcolm Bates: That is my belief.

Mrs. Liz Sandals: Thank you. That’s very helpful. If we can follow along, then, were there any other things that were deleted by the Red Tape Commission?

Mr. Malcolm Bates: The licensing, as I say, was a constant, if you will.

Mrs. Liz Sandals: Okay.

Mr. Malcolm Bates: There had to be a licence to operate an air ambulance service. That was changed to a periodic certification process.

Mrs. Liz Sandals: In going from licensing to certification, was there a different level of rigour involved in licensing versus certification?

Mr. Malcolm Bates: I’m not sure I could say that, okay? But as far as the legal aspects of it go, I think it’s important to recognize that it went from a consistent, full-time sort of situation to a periodic situation.

Mrs. Liz Sandals: How often was the licensing?

Mr. Malcolm Bates: The licensing was constant, in the sense that they possessed a licence and unless it was revoked, they carried on.

Mrs. Liz Sandals: Am I interpreting you correctly—because I don’t want to misunderstand—that if somebody had a licence and abused it, you would have had the authority to immediately revoke it?

Mr. Malcolm Bates: Yes.

Mrs. Liz Sandals: If somebody had certification, it wasn’t until you recertified three years later that you had any opportunity to step in.

Mr. Malcolm Bates: That’s right. And I think the word “opportunity” is a good word, in the sense that when it’s in regulation, you have an opportunity.

Mrs. Liz Sandals: Okay, that’s very helpful, because I don’t think anybody has really explained that to us before.

A few of the other comments that you made a few minutes ago around processes here: I take it that, for the most part, the rules you’re talking about here apply

essentially to both land ambulances and air ambulances. The inspection rules are the same rules.

Mr. Malcolm Bates: Yes.

Mrs. Liz Sandals: You mentioned that you started doing unannounced inspections of land ambulances in 2008. There were, prior to that, no unannounced inspections of any sort of ambulance. Is that correct?

Mr. Malcolm Bates: Well, other than the fact that—it wasn't formally called that, all right?

Mrs. Liz Sandals: Okay.

Mr. Malcolm Bates: There were service visits. But in order to accomplish what the Auditor General wanted, and that was to call it unannounced and to carry on as unannounced, that's what we incorporated.

Mrs. Liz Sandals: The procedure that was put in place in 2008, in fact, came out of the auditor's prior reports, for which you've been at this committee before—

Mr. Malcolm Bates: Yes, that's right.

Mrs. Liz Sandals: —and that led you to hope you never saw him again?

Mr. Malcolm Bates: No, no; it's not Jim.

Mrs. Liz Sandals: Sorry about that.

Mr. Malcolm Bates: I would never say that.

Mrs. Liz Sandals: I'm sorry. I'm teasing.

Mr. Malcolm Bates: I know.

Mrs. Liz Sandals: I shouldn't be teasing, because this is serious. My apologies.

Can we talk a little bit about the complaint process that is attached to all this investigation? Can you tell us, regardless of whether it's a land ambulance complaint or an air ambulance complaint, what is triggered once you get that complaint?

Mr. Malcolm Bates: Well, a file is opened by our investigation section. Then what takes place is, as I say, a lengthy process in terms of gathering the information. Every ambulance call is taped, so you have access to that verbal information, the voice information. That's gathered together with the ambulance call records in advance by the investigator. Normally, they call the operator and say, "Please send this information to us." They do that. The investigator starts sorting through what the actual situation was. The investigator then would normally go and interview whoever was on the call, for instance, and any complainant with respect to what took place. We'll then make observations and commit that to a report that will be presented to the manager of investigations and subsequently to the—and go back. Normally, they also go back to the operator to say, "This is what we found."

1310

Then a situation will be followed up after a report is sent to the complainant and after the operator is informed as to what the actual problems were, if any. Sometimes the investigator simply says everything was fine. But in some instances, there are problems. A paramedic may make a mistake or contravene a standard. Remember, we're looking at whether there was a contravention of the act or any standard, as far as investigations go.

Then we'll follow up with the operator to ensure that remediation takes place. If it's a paramedic who needs

remediation, and depending upon the severity of what the paramedic did, he or she can either be remediated locally and we're told what happens, or he can be brought before a committee, a quality committee, as we call it, to determine from his peers and the base hospital if indeed they're going to recommend to me that that particular paramedic should rewrite the examination to be a paramedic.

Mrs. Liz Sandals: Those outcomes that you've described there would be when you found a problem with the actions of an individual.

Mr. Malcolm Bates: That's right.

Mrs. Liz Sandals: What would be the possible outcomes if the problem was related to a flaw on behalf of the service provider, be it land or air ambulance?

Mr. Malcolm Bates: Yes. Of course, that happens. The discussion would take place. If it's a land service, it's the field manager in the local area that talks to the operator, to determine what needs to be done. If it's Ornge, it's a manager that we have under the senior manager, operations, that follows up with Ornge, to determine what the changes are and what needs to be done and whether or not they've actually followed up.

Mrs. Liz Sandals: You mentioned earlier in your remarks that in some circumstances, the file might be turned over to the coroner, and there are legislated requirements for that. Could you briefly give us a sense of the legislative bar for turning it over to the coroner?

Mr. Malcolm Bates: Well, under the Coroners Act, I think it's section 10, it lists a number of situations—an unexpected death, for instance, is one. Our manager of investigations would determine if that's the case, particularly with respect to a deceased patient, and we'll notify the coroner that he is conducting an investigation. Then the coroner will make a decision as to whether or not he wants a copy of the report. If he does want a copy of the report, it's sent to the coroner. The coroner then determines what action he will take.

Mrs. Liz Sandals: So it's up to the coroner at that point, as in any coroner's situation, whether the coroner moves in to a full-scale inquiry, or what follow-up the coroner does.

Mr. Malcolm Bates: Exactly—whether there's an inquest that will follow. That's right.

Mrs. Liz Sandals: In your experience, when you do turn the information over, have there been occasions—either land or air, does the coroner frequently then go on to investigate further, or does the coroner tend to review the file and say, "No, this doesn't warrant further"—

Mr. Malcolm Bates: I don't know if you could call it "frequently," but it does happen that the coroner will utilize, and frequently does utilize, our investigation report to determine whether or not he wants to conduct an inquest, and will talk to our manager of investigation. But it's not a frequent situation that inquests are called with respect to ambulance services in the province.

Mrs. Liz Sandals: Okay, thank you for that. Now, I wanted to ask you about a couple of issues that there has been some public discussion of. Mr. Klees had brought

up a question in the House on Monday about you wanting to issue a directive to Ornge, and Mr. Klees said that your ADM told you not to do this. In fact, I believe we've passed another motion here today looking for production of emails and things that might substantiate this or not. But do you have any idea what this is referring to, and can you give some clarity to what is happening here?

Mr. Malcolm Bates: Absolutely.

The Chair (Mr. Norm Miller): You have two minutes left in this—

Mr. Malcolm Bates: Just by way of background, the Auditor General—and we thank the Auditor General—pointed out in his report that there were some significant adverse events that had transpired at Ornge and that possibly the Ministry of Health was not informed of those. Indeed, that was the case when we followed up with Ornge. We went through all of the situations that the Auditor General had listed, and determined that I believe there were at least three, maybe four situations in which we should have been notified and we should have been in a position of investigating. So we initiated investigations on those, plus there were a number of other investigations initiated. As I mentioned before, there are 50 now outstanding with Ornge. That's a substantial number.

A number of other complaints started coming in as a result of the media coverage and we had to investigate, so we initiated investigations on a number of those types of situations.

I met with staff from Ornge on April 4, I believe, and it's in this particular investigation report that—I believe Mr. Klees had a copy of it. It indicated, I think on page 13, "The ministry has recommended Ornge work with many stakeholders such as unions, land ambulance operators, hospitals, etc. to establish a five-year plan...."

I want to say that Ornge is in a challenging situation. This is not easy to get out of, the situation that Ornge is in. I don't know exactly why they're in that particular situation, because, as I said before, prior to 2011 or in 2011, we were assured by the people at Ornge that they were training critical care paramedics, that they were providing more paramedics, the staffing was fine. All of a sudden, the staffing is not so fine; they have difficulty staffing. I don't think this is anything that you don't already know about. They have problems staffing with paramedics; the level of care with the paramedics, primary versus critical care; they have problems staffing with their pilots and co-pilots.

I said to them, "I recommend that you go to your stakeholders, you talk to them and you develop a staffing plan. It's important to have a staffing plan to give us confidence that you're doing something to dig yourself out of this particular problem." I said to them, "This isn't going to be solved overnight," and I think Dr. McLellan said the same thing when he was here. "This is a substantial problem that Ornge has and it's necessary to try and determine how you're going to do this." I said, "It may even take five years to do this, but let's be open and transparent with that. Talk to your stakeholders and try and make some arrangements for that particular problem

that you're encountering." They said they would think about it.

In the meantime, we're getting more situations coming to us, more problems associated with staffing, associated with level of care—primary care instead of critical care—more investigations happening.

I said to myself, "I have to do something about this," and I developed draft director's orders, because there's not a lot of things that emergency health services can do, in all honesty, except under the Ambulance Act it says:

"If an operator has contravened a standard or requirement of this Act or the regulations and the contravention would constitute a failure to meet the certification criteria referred to in subsection 8(5), the director may,

"(a) order the operator to remedy the contravention within the time frame specified...."

You don't always have to issue these orders. The mere threat sometimes achieves something, in my experience. I don't believe I've ever issued orders in the past. I don't know if a previous director issued orders. But the fact that there's a mere threat, and they know that this is possible, may have come into effect, because we met with them again two weeks ago. I once again said, "Where is the staffing plan?" You've got to have some idea of where you're going to be, where you're going to go and how you're going to get there, sort of thing, because this is such a significant item.

1320

I said to my ADM, Patricia Li, "I'm drafting these, all right? I want you to know that sort of thing." Her direction at that time was, "Well, okay, but let's not proceed at this time." She was right, because a week later—actually, I think it was June 5—the staffing plan arrived at our office from Ornge. From that perspective, she was absolutely right that this indeed generated what we were looking for at that particular point in time. Now, a staffing plan doesn't solve the problem, but it helps, right? They indicated—they've told us—that they've added additional paramedics; they're hiring more pilots. I think they put out a press release on that recently. We're very pleased that they're doing that.

I still know that this is not going to be an easy row for them to hoe. It's difficult; it's hard. They have a very large challenge in front of them, because the name Ornge, quite frankly, is tarnished—I think we all know that sort of thing—and it's difficult to hire, and hire the type of people you need to do that. That's why it does take some time.

In the meantime, they've hired additional staff. They've hired Bruce Farr, an excellent ambulance person, and several other people in their organization. It gives us more confidence, going forward, that they have an idea of where they have to go.

That's the situation with respect to the director's orders.

Mrs. Liz Sandals: So would it be—

The Chair (Mr. Norm Miller): And you're about—

Mrs. Liz Sandals: I'll just borrow a little bit.

The Chair (Mr. Norm Miller): You're about four minutes over right now.

Mrs. Liz Sandals: That's okay.

So the direction from the ADM wasn't so much, "Don't follow up on the problem."

Mr. Malcolm Bates: No, absolutely not.

Mrs. Liz Sandals: That wasn't the order.

Mr. Malcolm Bates: No.

Mrs. Liz Sandals: The order was, "We may be able to resolve this without a director's order."

Mr. Malcolm Bates: That's right. And we met with them, and Patricia was there and assisted in generating what we needed to have.

Mrs. Liz Sandals: So you resolved the situation without a director's order, but a resolution was achieved.

Mr. Malcolm Bates: That's right. Now, that does not say that there will not be future director's orders.

Mrs. Liz Sandals: I understand; yes. And I understand that the resolution of having to hire more people—

Mr. Malcolm Bates: That's right.

Mrs. Liz Sandals: —is a work in progress. Thank you.

The Chair (Mr. Norm Miller): We'll now move to the opposition. Mr. Klees?

Mr. Frank Klees: Mr. Bates, thank you for clarifying that you in fact did draft the director's order—

Mr. Malcolm Bates: Yes.

Mr. Frank Klees: —which was the appropriate thing to do.

Mr. Malcolm Bates: Thank you.

Mr. Frank Klees: Thank you for clarifying that you did forward it to Patricia Li.

Mr. Malcolm Bates: Yes.

Mr. Frank Klees: And thank you for clarifying that Patricia Li made the decision that it shouldn't go forward—

Mr. Malcolm Bates: At this time.

Mr. Frank Klees: —at that point in time. Fair enough. That's all I made sure was public.

I think the issue here is—and you have to understand that all of us around this table are very concerned that the Ministry of Health does its part when it comes to oversight and holds Ornge accountable. That is largely what the Auditor General's report was about.

Mr. Malcolm Bates: Absolutely.

Mr. Frank Klees: With that, I'd like to start by reviewing your testimony of April 18. In response to a question that I put to you about whether the original performance agreement obligated the Ministry of Health to oversee Ornge, you replied at that time, and I'll just quote from Hansard, "I agree that the Ministry of Health and the emergency health services branch have and had oversight responsibilities and that oversight responsibility was basically set in line by the Ambulance Act, by the performance agreement and by the transfer-of-payment ... directive."

That's the end of the quote. You stand by that statement.

Mr. Malcolm Bates: I do.

Mr. Frank Klees: So there are basically three areas of authority that you relied on for, first of all, your authority and obligation to provide that oversight.

Mr. Malcolm Bates: Yes, that's true.

Mr. Frank Klees: As the director of emergency health services, would it have been your responsibility to ensure that that oversight was then carried out, consistent with those three authorities?

Mr. Malcolm Bates: To the best of our ability.

Mr. Frank Klees: Prior to the consolidation of the air ambulance services into this new organization that we're dealing with now, can you just briefly describe what your branch's involvement was with the air ambulance service within the province? What responsibilities did the emergency health services branch have?

Mr. Malcolm Bates: Oh, okay, fine. The fact of the matter was that it was a ministry operation, if you want to call it that, prior to Ornge taking over. We had, as I said, a small air ambulance unit. We still had the same number of investigators as we have now, other than two that have been added recently. We operated the communications centre directly with ministry staff. Up until 2000 or 2001—under the previous government, the decision was made to divest, is the word, the paramedics to the private sector, that being to the dedicated air operators, Canadian Helicopters and Voyageur, so they became employees of the air operators.

We funded all of this. We went out to RFPs for the operators and contracted with them. We did investigations when it was necessary, and we funded the system.

Mr. Frank Klees: Okay. So you had a dedicated team. You refer to it as the air ambulance unit. How many people would have been in that air ambulance unit?

Mr. Malcolm Bates: I believe about four or five.

Mr. Frank Klees: Four or five.

Mr. Malcolm Bates: You know, it would go up and down as—

Mr. Frank Klees: Okay.

Mr. Malcolm Bates: Not many.

Mr. Frank Klees: That team was intact. It obviously had considerable expertise and experience in air ambulance. I'm assuming they kind of grew with the air ambulance organization. As Mr. Rusk this morning indicated, it really was an organic growth that took place within the government. Were most of these people in this unit from the very beginning?

Mr. Malcolm Bates: There were retirements. There was one gentleman, Mr. Stott, who was there for—and I believe he's the gentleman Mr. Rusk went with. Wayne was around for a large number of years. I think Mr. Rusk mentioned the manager, Mr. Brown, who was hired. There were people who came and went, sort of thing, over the years.

Mr. Frank Klees: Okay. When the transition took place to the consolidation plan, was that team then assigned to assume the oversight responsibilities for the new entity?

Mr. Malcolm Bates: No.

Mr. Frank Klees: And why would that be the case?

Mr. Malcolm Bates: Because the team was disbanded, if you want to call it that, in the sense of, they went on—I mean, the fact of the matter is, one or two of them still partially work on air ambulance. There is no dedicated person in emergency health services at this particular point in time with respect to air ambulance.

There is going to be now an oversight unit hired, under the direction of Patricia Li, but at this particular point in time, there are several people that work on air ambulance—and all of us right now are working full-time on air ambulance, to be truthful—but at the other times they're working on land ambulance and base hospitals and a number of different functions they perform.

Mr. Frank Klees: I'm assuming that you were well familiar with and privy to the negotiation of the performance agreement by which Ornge would conduct its business. Would that be a reasonable assumption on my part?

Mr. Malcolm Bates: I was not involved in the negotiation of the performance agreement.

Mr. Frank Klees: But were you familiar with the performance agreement?

Mr. Malcolm Bates: Yes.

Mr. Frank Klees: So you knew the complexity of that performance agreement, and you would be familiar with all of the oversight responsibilities incorporated into that performance agreement, which are considerable.

Mr. Malcolm Bates: Yes.

Mr. Frank Klees: Can you share with us, given the ongoing oversight responsibilities that the Ministry of Health would have over the air ambulance operations, why the very unit within the Ministry of Health that had the experience to provide that oversight would be disbanded?

1330

Mr. Malcolm Bates: Well, I have to go back to 2003, if you don't mind. In 2003, Mr. Hugh MacLeod directed that myself and other people within the emergency health services branch provide every assistance to Dr. Mazza—all right?—who would be the lead on the transformation, on the movement from the current system at that particular point in time to a not-for-profit agency. Dr. Mazza had the lead from 2003 to 2005. He was instrumental in ensuring that the unit was not carried on, that oversight was perhaps not as rigorous as it should have been, if you will. He was the main player in the movement from the ministry service to the not-for-profit organization. From 2005 to 2007 I worked for Dr. Mazza, since he was seconded to the Ministry of Health and Long-Term Care, and he provided executive leadership to myself.

Mr. Frank Klees: So it's true, then, that you were under direct orders from the associate deputy minister, Hugh MacLeod, to support Dr. Mazza in his plans and—let me ask you this—basically support Dr. Mazza in his plan to transform the air ambulance service? Would that be a correct term?

Mr. Malcolm Bates: I think it would be probably more than support. It would be to do what Mr. Mazza told us to do.

Mr. Frank Klees: So Dr. Mazza, who was on the outside, all of a sudden became crowned with authority within the Ministry of Health so that someone as senior as you was now being told by Dr. Chris Mazza what to do?

Mr. Malcolm Bates: That's right.

Mr. Frank Klees: Was there ever any correspondence, either a letter or an email or emails, that gave you that direction?

Mr. Malcolm Bates: Indeed there was. I could show you one today.

Mr. Frank Klees: Do you have it with you?

Mr. Malcolm Bates: I do have them with me.

Mr. Frank Klees: If you could provide that to the committee, I would appreciate that.

Mr. Malcolm Bates: There are some of them. I have other ones.

Mr. Frank Klees: Thank you, Mr. Bates. Approximately how many pieces of correspondence would you have given to the clerk?

Mr. Malcolm Bates: Ten.

Mr. Frank Klees: About 10? And this would be correspondence? It looks as though they were primarily emails. Were there letters as well?

Mr. Malcolm Bates: No, there were no letters.

Mr. Frank Klees: Emails, basically coming from the associate deputy minister of health, Mr. MacLeod, to you and others.

Mr. Malcolm Bates: Several of them were, but several of them are minutes of meetings that Dr. Mazza conducted, and that type of thing.

Mr. Frank Klees: I'd like to share with you a motion that I put forward to this committee on May 30. I'm going to read it into the record because I think it's very important. The motion reads as follows:

"That the Standing Committee on Public Accounts, pursuant to standing order 110(b), whereby each committee shall have power to send for persons, papers and things, request a copy of any and all correspondence including letters and/or emails, from the associate deputy minister of health, Hugh MacLeod, to Malcolm Bates, director of the emergency health services branch, and Dennis Brown and any other person at the EHS branch in which the associate deputy minister references Ornge, or gives direction concerning the role that the EHS branch is to have concerning Ornge, or relates to allowing Dr. Mazza to do whatever he determines appropriate at Ornge and not to obstruct him during the period October 1, 2005, and the last day of February 2007 or makes any reference to how the EHS branch and its staff is to monitor, oversee, hold accountable or review the performance of Ornge, and that said correspondence be delivered to the clerk of the public accounts committee no later than Thursday, May 31, 2012."

Mr. Bates, that was the motion we put forward. It was subsequently referred to the Ministry of Health. Are you familiar with that motion?

Mr. Malcolm Bates: I am.

Mr. Frank Klees: And when you were presented with this motion, what did you do?

Mr. Malcolm Bates: I searched my records for exactly what the motion requested.

Mr. Frank Klees: And the material, the correspondence, that you provided to the clerk just now was the result of that search?

Mr. Malcolm Bates: No, it was not.

Mr. Frank Klees: Okay. And why was it not?

Mr. Malcolm Bates: Because the material I provided to the clerk dated from 2003 and 2004, and the motion required between 2005 and 2007 information.

Mr. Frank Klees: Thank you very much.

Mr. Malcolm Bates: You're welcome.

Mr. Frank Klees: I appreciate that clarification. And we appreciate the fact that you have been forthcoming with that information. It is a big lesson for us here, and that is that whether it's this proceeding or others, apparently the letter is much more important than the spirit. You, sir, understood what it was that we were seeking, and I appreciate you providing us with that information.

Mr. Malcolm Bates: You're welcome.

Mr. Frank Klees: Why do you believe that Mr. MacLeod made the decision to essentially take your authority away and hand it to Dr. Mazza?

Mr. Malcolm Bates: I believe he was given direction, but I'm not sure. In the information we have, it was direction from—well, I will tell you, back in 2003, first-hand, I know that direction was given by the minister's office in 2003 that this particular transfer from the ministry to a not-for-profit organization was to be accomplished and accomplished quickly. There is evidence of that as well. In 2004, it carried on in the same vein that this would be accomplished. It was not whether, according to Mr. MacLeod, it was how soon.

Mr. Frank Klees: Did you ever get any indication as to where Mr. MacLeod's directive came from?

Mr. Malcolm Bates: As I said, in 2003 it was relatively clear to me because I met with Michael Mjanes, who was the chief of staff to the associate minister, Dan Newman. At that particular point in time, Mr. Mjanes was very clear with us that the proponents of this particular service change wanted it done and wanted it done quickly, and the minister supported that.

Mr. Frank Klees: And then there was an election.

Mr. Malcolm Bates: October 3.

Mr. Frank Klees: And post-October 3: new government, new players. Who was then in charge?

Mr. Malcolm Bates: Hugh MacLeod was still in charge at that particular point in time. It was the same deputy at that particular point in time.

Mr. Frank Klees: And who was the minister?

Mr. Malcolm Bates: It was Minister Smitherman.

Mr. Frank Klees: Would Mr. Smitherman have had anything to do with this direction?

Mr. Malcolm Bates: Absolutely.

Mr. Frank Klees: Now, notwithstanding the past, we're into a new government; now we have Mr. Smitherman as the minister, and Mr. Smitherman would then

have endorsed or directed Mr. MacLeod to implement the Mazza strategy—or the Mazza scheme, as I prefer to refer to it. Is that correct?

Mr. Malcolm Bates: As far as I know, that's correct.

Mr. Frank Klees: So now the implementation takes place, the performance agreement is negotiated and we have a substantial oversight responsibilities built into the performance agreement. You're still the director. I understand that at some point, obviously—and maybe you can clarify for me: At what point was your unit disbanded, the air ambulance unit within emergency health services branch?

Mr. Malcolm Bates: As soon as the Ornge transfer took place—the transfer to Ornge.

1340

Mr. Frank Klees: So with the skeleton staff that you had left, obviously it still fell to you, as the director, to carry out whatever obligations were in that performance agreement. Is that correct?

Mr. Malcolm Bates: That's correct.

Mr. Frank Klees: Given the complexity of that, did you at any time put in place the resources, a structure, that would allow you to provide that oversight on a regular basis?

Mr. Malcolm Bates: We already had the certification unit that was established as a result of a transfer to the municipal sector of the land ambulance system, and that was a major part of what we were doing. We already had the investigations section, as I mentioned previously. Those are the main points of oversight.

We already had the financial staff that we carried on as well, because we're a fairly large branch, and the reason why we're visited by Mr. McCarter regularly is because we meet his financial requirements. We're a fairly large branch and we had the financial people in place to review things as well.

Mr. Frank Klees: So in order to ensure—

The Chair (Mr. Norm Miller): You have about a minute left, unless you want to keep going on—

Mr. Frank Klees: If you wouldn't mind, I'd like to just finish this part of my questioning, if I could borrow some time from the next session.

The Chair (Mr. Norm Miller): Yes, go ahead.

Mr. Frank Klees: Given the complexity, one would think that it might be a good idea to have a checklist of all of the various components of oversight required. Did your branch ever compile a checklist that would be used to do this?

Mr. Malcolm Bates: Yes. We have a checklist of the performance agreement. We have a checklist of the new amended—the amended performance agreement.

Mr. Frank Klees: I'm going to ask the clerk to distribute a copy of what is entitled Performance Agreement Annual Report Checklist, and it's dated January to July 2006. If the clerk could give a copy of that to Mr. Bates, I would appreciate it.

I'd like to just run through a couple of items with you here while it's being distributed. This is a very detailed checklist. It deals with everything from operational

issues, as you're well aware, to the financial standards. Was this checklist ever implemented?

Mr. Malcolm Bates: It was implemented last year.

Mr. Frank Klees: It was implemented last year?

Mr. Malcolm Bates: Yes.

Mr. Frank Klees: It was prepared in 2006—

Mr. Malcolm Bates: Yes.

Mr. Frank Klees: —and it's now 2012, and last year it was implemented?

Mr. Malcolm Bates: Yes.

Mr. Frank Klees: Why was it not implemented?

Mr. Malcolm Bates: Well, the co-operation from Ornge was not the greatest, if you will. We had difficulty securing information from them; we had difficulties getting this type of information from them—and I think I mentioned that before.

Mr. Frank Klees: Mr. Bates, I'd like to refer to the Auditor General's report, and I'll just read one paragraph from page 12 of his report: "In light of the high degree of responsibility and decision-making power the performance agreement gave Ornge, it was important"—

Mr. David Zimmer: Excuse me.

Mr. Frank Klees: This is the Auditor General's report.

Mr. David Zimmer: Oh.

Mr. Frank Klees: Surely you have a copy of it.

Mr. David Zimmer: Yes. I just missed what you're reading from.

Mr. Frank Klees: I'll start from the beginning. If someone could give Mr. Zimmer a copy, that will keep him awake, okay?

"In light of the high degree of responsibility and decision-making power the performance agreement gave Ornge, it was important for the ministry to have adequate processes in place to protect its interests."

What I see here is that there was an intent on the part of the emergency services branch to provide that oversight. The groundwork was done for a very comprehensive checklist that, as we read through it—and I'll spend some time with the committee, going through it—that probably 99% of the issues that went wrong over the last number of years would not have gone wrong had the emergency services branch been able to conduct its regular reviews. Would you agree with that?

Mr. Malcolm Bates: I would agree that it would have been of assistance. It would be difficult for me to agree or disagree with what you're saying.

Mr. Frank Klees: Was there ever a direction from either Mr. MacLeod or an assistant deputy minister or anyone superior to you not to use this document?

Mr. Malcolm Bates: No, I don't believe so. I didn't know that it existed.

Mr. Frank Klees: When did you come to realize that it did exist?

Mr. Malcolm Bates: The gentleman who put that together, Mr. Nishman, is still with us. Because things radically changed at Ornge in the latter part of 2011 and because the Auditor General was visiting Ornge, if you will—that sort of thing—he brought forward again the

checklist, and I insisted that we work with Ornge to go through it. In fact, he did that. He met with Ornge and went through the checklist with them and came back with a filled-out checklist for us.

Mr. Frank Klees: Chair, I'll defer to the next round, please.

The Chair (Mr. Norm Miller): Okay, very well. We'll move on to the NDP, then. Ms. Gélinas?

M^{me} France Gélinas: I still don't understand about the checklist. It was there and it had been done from somebody from your branch, but you didn't know it existed.

Mr. Malcolm Bates: No, it wasn't that we didn't know it existed. I indicated that for two years, Dr. Mazza was in charge of everything. He was appointed as executive lead. He gave us directions. There was no indication or desire to apply that sort of checklist to Ornge as a result of his obvious close scrutiny over what was happening in the Ornge situation.

M^{me} France Gélinas: Dr. Mazza was not only controlling the operation; he was also controlling the part of the ministry that had oversight of those operations.

Mr. Malcolm Bates: Exactly.

M^{me} France Gélinas: Has this ever happened to you in your career before, that the people directing operations also direct the people who offer oversight of those operations?

Mr. Malcolm Bates: Never.

M^{me} France Gélinas: Did you ever think to mention to other people—your ADM or your supervisor—that that was a weird arrangement?

Mr. Malcolm Bates: The ADM appointed Dr. Mazza.

M^{me} France Gélinas: So there was no point in going to the ADM.

Mr. Malcolm Bates: I wouldn't think so.

M^{me} France Gélinas: I see where you're going with this. Looking back, do you figure that was part of the problem?

Mr. Malcolm Bates: I don't know. Listen: There were three ministers who supported the transfer to Ornge. There was an associate minister, two deputy ministers, an ADM and a Red Tape Commission. All of these individuals supported what was happening and what took place. In my position, it was not a situation in which—even if I objected to something, I'm not sure they would have listened.

M^{me} France Gélinas: Okay. I'd like to check on one thing. You did have contact with Ornge, and people within your branch had contact with Ornge. When were you made aware that the for-profit entities were going to share revenues with the government?

Mr. Malcolm Bates: It was a concept that Dr. Mazza put forward, I think around 2008.

M^{me} France Gélinas: That's what you said before.

Mr. Malcolm Bates: But there was nothing very specific until they came in to meet with the ministry in January 2011.

M^{me} France Gélinas: Did you attend that meeting?

Mr. Malcolm Bates: I did.

M^{me} France Gélinas: And who else attended?

Mr. Malcolm Bates: A large number of people. I'm not sure if you have a copy of it, but there was Mr. Apps, Mr. Lepine, several other people from Ornge, a deputy, myself and a number of other individuals from the ministry.

1350

M^{me} France Gélinas: Anybody from the minister's political staff?

Mr. Malcolm Bates: I don't recall.

M^{me} France Gélinas: No? Anybody from the minister's office?

Mr. Malcolm Bates: I don't recall that either.

M^{me} France Gélinas: No?

Mr. Malcolm Bates: It's possible; it's likely, but I don't recall.

M^{me} France Gélinas: It's likely, but you don't recall?

Mr. Malcolm Bates: No.

M^{me} France Gélinas: So from 2008 on, you have conversations with Ornge. Ornge tells you that they intend to purchase aircraft, that they intend to set up a for-profit venture. You are aware of this. Then you become more knowledgeable about the 3% of revenue for the for-profit that is going to come back to the government.

Mr. Malcolm Bates: That was basically a concept. Nothing like that ever happened.

M^{me} France Gélinas: I realize it didn't happen. I'm more interested as to: When was this information shared?

Mr. Malcolm Bates: With respect to the 3% or whatever it was?

M^{me} France Gélinas: The 3%, yes.

Mr. Malcolm Bates: In 2011. It may have been 2010. They presented us with five-year plans, as I said. I'm not exactly sure if it was in one of their five-year plans.

Going back, as I say, it was clear in 2003 that they wanted to generate revenue. In 2008, they provided us with a plan that indicated for sure that they were going to generate revenue of some sort or another. In fact, it did generate some small amount of revenue by charging for training paramedics. In 2010, I think, they entered into an agreement with respect to simulators and so on that they were working on. They did a consulting piece of work in Saskatchewan. So they were generating a very small amount of revenue.

M^{me} France Gélinas: Did they share any of those revenues with the ministry?

Mr. Malcolm Bates: No.

M^{me} France Gélinas: No, because?

Mr. Malcolm Bates: Well, it was small. I don't think they would have shared it, because, as I understand it, they established for-profit companies. The first for-profit company that we learned of was Ornge Peel.

M^{me} France Gélinas: And when did you hear about Ornge Peel?

Mr. Malcolm Bates: In 2008.

M^{me} France Gélinas: Okay. You figured that it was Ornge Peel that was doing those activities?

Mr. Malcolm Bates: I'm not sure. Our mandate was a performance agreement, and the performance agreement only covered Ornge. It didn't cover these other entities.

M^{me} France Gélinas: Okay. So when Ornge paid for weight overpayments to the helicopter company, you would have considered this as not part of your accountability agreement.

Mr. Malcolm Bates: Didn't know anything about it.

M^{me} France Gélinas: You didn't know.

Mr. Malcolm Bates: No.

M^{me} France Gélinas: No?

Mr. Malcolm Bates: They wouldn't tell us that sort of thing.

M^{me} France Gélinas: Okay. How often would you meet with Dr. Mazza?

Mr. Malcolm Bates: Dr. Mazza? He would call me up. In the early years, he would phone me, usually in a tirade or something—certainly not very happy about whatever was taking place—maybe once a month, once every two months. After 2010, we didn't meet with—well, we met with him once. When we had a meeting at Ornge, he was there. But other than that, we didn't meet with him. He was engaged in other activities, I would assume.

M^{me} France Gélinas: Maria Renzella—you know who she is—

Mr. Malcolm Bates: Yes.

M^{me} France Gélinas: —testified that you were Dr. Mazza's primary contact.

Mr. Malcolm Bates: Well, that's incorrect. It was Dennis Brown.

M^{me} France Gélinas: It was Dennis Brown that was the primary contact of Dr. Mazza?

Mr. Malcolm Bates: That's right.

M^{me} France Gélinas: How do you know that?

Mr. Malcolm Bates: Because that's what Dennis was intended to do. That was his responsibility.

M^{me} France Gélinas: Do you know that he did have meetings with Dr. Mazza?

Mr. Malcolm Bates: He didn't necessarily have meetings per se. He had telephone dialogue.

M^{me} France Gélinas: Okay. Do you want to go?

Mr. Jagmeet Singh: Sure. Do you recall ever taking any phone calls from or meeting Alfred Apps or Mr. Don Guy?

Mr. Malcolm Bates: I had one letter from Mr. Apps. I had never heard of Don Guy before, to be truthful.

Mr. Jagmeet Singh: Okay.

Mr. Malcolm Bates: I had one letter from Mr. Apps, who wanted to meet with the ministry. He was coming through me, as the director of emergency health services. He wanted to meet and explain the new legal entities that they were starting, just as Ms. Gélinas mentioned. I went to our legal branch, because it's not my prerogative to deal with lawyers, and I asked them what I should do. He wanted to meet with legal branch. Legal branch told me to write back to Mr. Apps and say that he should explain whatever he wanted to explain to the Meyers Norris

Penny auditors; at that particular time that was under way. That's what I did.

I had one other—I didn't meet—

Mr. Jagmeet Singh: Sorry to interrupt you. When did that happen? When was that, roughly?

Mr. Malcolm Bates: In 2009, 2010. I think it was 2009.

Mr. Jagmeet Singh: It was 2009. And you had one other interaction? You were about to explain when that was.

Mr. Malcolm Bates: With Mr. Apps? Yes. That was—

Mr. Jagmeet Singh: What was that? Was that a phone call, an email or a letter?

Mr. Malcolm Bates: No. I attended a meeting where Mr. Apps was present, and that was in the provincial comptroller's office in 2008.

Mr. Jagmeet Singh: What was the nature of that discussion or that meeting?

Mr. Malcolm Bates: Ornge was vehemently opposed to consolidation under the books of the province, and Mr. Apps was their representative—

Mr. Jagmeet Singh: Representing Ornge?

Mr. Malcolm Bates: Representing Ornge.

Mr. Jagmeet Singh: I was going to ask you—Mel Springman raised some concerns in 2004. You indicated that his concerns were factually incorrect—he raised some concerns about Ornge. Do you recall making that—

Mr. Malcolm Bates: I think if you read whatever it is that you have, I didn't say that his concerns were incorrect. I neither disagree or agree. I want to say from the beginning that I have the highest regard for Mr. Springman as an individual and as a lawyer. I know of no one that I've dealt with that I have greater respect for in those particular areas. If you'll permit me to provide you some background related to this—

Mr. Jagmeet Singh: I'll pause you for one moment. We'll come back to that.

Mr. Malcolm Bates: Okay.

Mr. Jagmeet Singh: He raised some concerns about Ornge though, in general. Would you agree with that? With respect to the direction that Ornge was headed with the consolidation of the aviation, he had some concerns with that?

Mr. Malcolm Bates: Yes.

Mr. Jagmeet Singh: Now it turns out, in hindsight, that his concerns were quite prophetic. It turns out that what he was concerned about was essentially the turning point where things went very much downhill for Ornge. In retrospect, do you agree that Mr. Springman's concerns were quite—would agree with that comment, that they were quite prophetic and quite insightful?

Mr. Malcolm Bates: Well, let me just say that Mr. Springman and myself had different directions, okay? I was directed to follow what Mr. MacLeod and Dr. Mazza were intending to do. That was my direction. As a civil servant, I follow that direction.

Mr. Jagmeet Singh: That's fair. And that's my next area, that you were receiving that direction and that you

indicated that direction—would you describe that as almost like a pressure?

Mr. Malcolm Bates: I'm sorry?

Mr. Jagmeet Singh: Would you describe that direction that you received as essentially you were being pressured in a particular direction?

Mr. Malcolm Bates: Well, I'm not sure pressured—it certainly was direction, and direction is direction.

Mr. Jagmeet Singh: Yes, fair enough.

Interjection.

Mr. Malcolm Bates: I was directed to come here. I'm here.

Mr. Jagmeet Singh: Just to make it clear: You indicated—you were listing off three ministers, two deputy ministers and one ADM; all knew what was going on and supported what was going on.

Mr. Malcolm Bates: That's right.

Mr. Jagmeet Singh: Just to clarify that, what did you mean by "supported" what was going on?

Mr. Malcolm Bates: They were prime movers, if you will, if you know that term—

Mr. Jagmeet Singh: Yes.

Mr. Malcolm Bates: —towards changing the air ambulance system from a government, ministry-operated one to one that was—the full responsibility was given to a not-for-profit agency or organization called Ornge, or OAA at that time.

Mr. Jagmeet Singh: Were these same people—they were all supportive of specifically Dr. Mazza's view of how to implement that?

Mr. Malcolm Bates: Exactly.

Mr. Jagmeet Singh: Okay. And they were all aware of his vision of what he wanted to implement?

Mr. Malcolm Bates: Well, I assume they were, if they supported it, but—

M^{me} France Gélinas: Would you mind, just for the record, naming those three ministers, the ADM etc.?
1400

Mr. Malcolm Bates: Minister Clement, Minister Smitherman, Minister Flaherty, associate minister Newman, associate deputy minister Hugh MacLeod, Deputy Minister Phil Hassen, Deputy Minister Ron Sapsford, ADM Mary Kardos Burton, and Frank Sheehan and the Red Tape Commission.

M^{me} France Gélinas: Would you say that by the time Minister Caplan became Minister of Health he was also aware of what was going on at Ornge, or not anymore?

Mr. Malcolm Bates: I know—and this is all I know—that Dr. Mazza visited the new minister. I don't know what transpired. I don't know how much anyone was aware of what was taking place.

M^{me} France Gélinas: Did you receive directives after Dr. Mazza visited with Minister Caplan, or did the directive given to you change, or did you continue with the same—

Mr. Malcolm Bates: No. No directive whatsoever. No direction.

M^{me} France Gélinas: Whatever had been there before just continued.

Mr. Malcolm Bates: That's correct.

M^{me} France G  linas: When Tom Lepine came to testify, he quoted you and said, "Tom, it would be so much easier if Chris would just report his salary." Do you remember saying that to Mr. Lepine?

Mr. Malcolm Bates: Mr. Lepine—and I read his transcript—said that I did that many times. Mr. Lepine, unfortunately, has a memory that doesn't quite extend properly.

I'll tell you what happened. What transpired was, we knew that because of Ornge Peel and so on—if you checked the sunshine list, Dr. Mazza was no longer there. It was quite clear that he wasn't there. Mr. Lepine was on it. Of course, nobody told us he was also securing a salary from another part of Ornge. That didn't show up on the sunshine list, as you know. We were told that as far as Ornge Peel goes, it's not covered under the public salary disclosure list of people there because, number one, it was indirect funding, and number two, it was a for-profit organization. So that settled that, as far as we were concerned.

There was more concern expressed, I think, because in 2010 there was some information again questioning why Dr. Mazza was not on that list, and again it was verified that that was still the case with respect to public salary disclosure. Mr. Lepine is referring to a situation that happened, I believe, around December. I believe your party brought this up in the Legislature about Dr. Mazza's salary, if I'm not mistaken, on December 5. Shortly thereafter, the question down through my ADM, Patricia Li, and myself was, "Why aren't they reporting and how can we get them to report?" sort of thing. Patricia and I called Tom Lepine. Tom Lepine said, "I'll take it back. I think we can accommodate you"—in other words, provide the salaries of the executives who were not on the sunshine list.

The next day he called me back and said, "No, we're not going to do it. The board has decided that it won't provide that information." At that point in time, I said, "Tom, why"—it would be so much easier if I used those words, and I can't verify that I did, because who remembers words they use, but some to that effect—"why won't they provide that information?" It was another four weeks thereafter, due to the tenacity of the minister, that they actually finally provided the information that was required.

M^{me} France G  linas: That's four weeks after—

Mr. Malcolm Bates: After we had spoken to them. I'm not sure if it's four weeks. It's certainly a period of time that they stonewalled the ministry, if you want to use that term; would not provide the information.

The Chair (Mr. Norm Miller): You have a couple of minutes on this.

M^{me} France G  linas: Okay. In 2010, the NDP asked about the salary disclosure. You start asking Tom—

Mr. Malcolm Bates: 2010?

Mr. Jagmeet Singh: I think he means 2011.

Mr. Malcolm Bates: No, no; it's 2011. On December 5, 2011, it was in the Legislature.

Mr. Jagmeet Singh: You're talking about a question during question period?

Mr. Malcolm Bates: Yes.

Mr. Jagmeet Singh: Ms. G  linas is referring to questions asked in the committee, and also a freedom-of-information request for Dr. Mazza's salary.

Mr. Malcolm Bates: I was not involved with that.

M^{me} France G  linas: You know that his salary was apparently not being disclosed—

Mr. Malcolm Bates: Yes.

M^{me} France G  linas: —because it is for the for-profit, but you had their financial statements; you can see that there are executive compensations being paid out of the government funds.

Mr. Malcolm Bates: No. That's not visible on the information provided to us, and the Auditor General will verify that. That is not provided, or was not provided to us. Under the new revised performance agreement, it's much different; much more rigorous.

M^{me} France G  linas: So the financial information you got was one big lump sum that included delivery of service, executive—

Mr. Malcolm Bates: We did not get information on these outside companies, if you want to call it that. That was not provided to us.

M^{me} France G  linas: No, I realize that was not provided to you. What I'm saying is that the money that you transferred to Ornge not-for-profit—because the government transferred \$130 million to \$150 million a year to Ornge not-for-profit. In the money that you transferred to Ornge not-for-profit, there were monies allocated to compensation of the admin staff.

Mr. Malcolm Bates: We did not get detailed information. We did know that there was a chargeback, if you will, for administrative costs, but no breakdown.

M^{me} France G  linas: And the chargeback for administrative costs was the salaries of the people—

Mr. Malcolm Bates: Well, we don't know, because it didn't specify salaries; it just—

M^{me} France G  linas: Administrative costs. And you never asked questions?

Mr. Malcolm Bates: First of all, number one: I asked for an audit in 2008. We did. As part of our oversight, I said, "I need an audit of what's taking place at Ornge," in 2008. I went to the Ministry of Finance and my staff and asked for an audit to be conducted in 2008.

Mr. Jagmeet Singh: And what happened with that request?

The Chair (Mr. Norm Miller): Do you want to keep using time? You're out of time, otherwise.

M^{me} France G  linas: Just one more minute.

Mr. Jagmeet Singh: What happened with that request?

Mr. Malcolm Bates: That request turned into a Meyers Norris Penny review conducted by the Ministry of Finance internal audit.

Mr. Jagmeet Singh: Did it require any salary disclosure issues or did it cover any specific issues around oversight?

Mr. Malcolm Bates: What it said was that Ornge is providing and spending the money efficiently, effectively and according to the purposes intended.

Mr. Jagmeet Singh: That was the finding of the report in 2008.

Mr. Malcolm Bates: That was the finding of the report.

M^{me} France Gélinas: When was the last time you went to Ornge?

Mr. Malcolm Bates: Two weeks ago.

M^{me} France Gélinas: Two weeks ago. Okay. You had been there before?

Mr. Malcolm Bates: Yes.

M^{me} France Gélinas: Had you ever seen the motorcycle in the front lobby?

Mr. Malcolm Bates: Once.

M^{me} France Gélinas: What was your thought when you saw a motorcycle in the front lobby?

Mr. Malcolm Bates: I think it was the same as yours.

M^{me} France Gélinas: Which would be?

Mr. Malcolm Bates: Somewhat outrageous. Their contention was that it was as a result of funding contributed by a supplier that they purchased that particular one. They also went to the Rogers Centre, to a Blue Jays game. If you check on their website, you'll see Dr. Mazza and the chap from Orange County Choppers, I think is the name of the organization on that particular chopper. It was an event that they intended, I believe, to kick-start their charitable work in the future. But I never anticipated seeing that motorcycle in that particular building in their front lobby.

M^{me} France Gélinas: Okay. And you knew that public funds had been used because it was something that Ornge had an intention to do—start a fundraising effort?

Mr. Malcolm Bates: No, not as far as I am aware. They said that they secured that money as a donation for those two motorcycles—I think there were two. I didn't realize, until the Auditor General pointed it out, that there were two of these particular vehicles.

M^{me} France Gélinas: All right. I'll keep my minutes.

The Chair (Mr. Norm Miller): Very well. Would the committee like the Meyer Norris Penny report tabled with the committee?

Mr. Jagmeet Singh: Yes.

The Chair (Mr. Norm Miller): Okay. We can get that report.

We'll move on to the government. Ms. Sandals.

1410

Mrs. Liz Sandals: I've just gotten these emails which you tabled, Mr. Bates. I guess some of them are emails and some of them are minutes of a meeting. I'm just trying to cast my mind back to dates. The first in this sequence is September 4, 2003. That was, I believe, either the day before the writ dropped or the day the writ dropped or the day after the writ dropped, but the beginning of the election, plus or minus one. We have the record of a meeting that was called to order by Hugh, which seems to read further, Hugh MacLeod. I'm just picking a little bit here:

"The deputy minister of health and the ADM for acute care services want to create a more responsive and agile air ambulance program. They want to create a public sector not-for-profit organization that 'strips away' bureaucratic layers...."

I'm skipping here, obviously: "The new organization will be a separate legal entity...."

Then, skipping down further, "Dr. Chris Mazza is charged by the deputy minister and the ADM, Hugh MacLeod, to produce an assessment of how this is accomplished"—not whether, just how.

We then go on to another meeting on September 8, 2003, which I'm virtually certain is after the writ dropped. Dr. Mazza seems to be the person running this meeting and says that the purpose of the meeting is to "develop an implementation process for the creation of Air Ambulance Ontario as well as timelines for implementation...."

"The team is to have this process developed, analyzed and ready for implementation by November 2003."

This is obviously all at the direction of Minister Clement's associate minister Newman.

Then, oddly enough, because my recollection is the same as yours that the election was on October 3, 2003—

Ms. Helena Jaczek: Second.

Mrs. Liz Sandals: Second—some time with one-digit numbers.

Mr. Malcolm Bates: Helena will always provide the specifics.

Mrs. Liz Sandals: The researcher can get that right for us, okay?

Anyway, what's interesting is that October 8, 2003, would have been a day or two after the election. Again, we seem to have a meeting being presided over by Dr. Mazza, and it goes back and references the previous minutes that I was reading and starts to go into the implementation details.

I guess, given that what we've learned from previous testimony by Cynthia Heinz, who was a lawyer who had been working at Fasken on this file beginning in January 2003 to determine corporate structure, to begin to draft a performance agreement and discuss what legislation required revision and so forth, there was a very firm direction that you were given by very senior levels to move ahead with this regardless. The fact that there had been an election lost, or won, depending on your particular point of view, doesn't seem to have had anything to do with the direction.

Mr. Malcolm Bates: That is a curiosity.

Mrs. Liz Sandals: Given that, we're in that period when there has not yet been a new cabinet. The government is obviously going to change, but there's not yet a new government and it was still full steam ahead. Am I getting this story correct?

Mr. Malcolm Bates: As far as I know.

Mrs. Liz Sandals: Okay. Thank you for that very much, because this helps, I think, for those of us who have looked at the records and found it very odd that there was all this legal work going on at Fasken and how

this seemed to flow through. You were being directed not to say anything in objection to this, just carry on with the steamroller, as it were.

Anyway, I want to move ahead a considerable number of years to this year—in fact, quite recently—because there have been questions raised about whether Ornge is currently having a deficit budget. I know that's a bit out of your—you're not the person doing the budget. But to the best of your knowledge, is Ornge in a deficit position? Have they asked for more money? Have you provided more money?

Mr. Malcolm Bates: They have not asked for more money, and we have not provided more money.

Mrs. Liz Sandals: Did they table a balanced operating budget?

Mr. Malcolm Bates: That budget is still under consideration.

Mrs. Liz Sandals: So the budget that Ornge provided us with is sort of a draft budget.

Mr. Malcolm Bates: That's correct.

Mrs. Liz Sandals: And when they talk about fiscal year '13, do they have the same fiscal year as we do?

Mr. Malcolm Bates: Yes.

Mrs. Liz Sandals: So this would be—

Mr. Malcolm Bates: It's 2012-13.

Mrs. Liz Sandals: This is 2012-13, then. They're just picking up the last two digits.

Mr. Malcolm Bates: Right, yes.

Mrs. Liz Sandals: This information is still to be finalized in terms of their budget presentation, but there is no discussion going on about providing extra money. They're flatlined—

Mr. Malcolm Bates: They know that they have a 0% increase this particular fiscal year.

Mrs. Liz Sandals: Thank you. Just looking at the draft we've been provided with, it would appear that they may be looking at an operating surplus and that that would carry whatever capital debts they may have.

Mr. Malcolm Bates: I'm sorry. I can't provide—

Mrs. Liz Sandals: Okay, that's fine. But from your point of view, they've been told, "The budget is frozen. Stick with it."

Mr. Malcolm Bates: That's right.

Mrs. Liz Sandals: Thank you. I'm going to turn it over now to Mr. Zimmer.

Mr. David Zimmer: There were a number of issues involving patient transport. There were conflicting numbers that we got, or it was unclear about the numbers of patients that Ornge actually transported and there seemed to be two ways of doing the calculation. Can you clarify or give us the correct calculation and the numbers arising from that calculation?

Mr. Malcolm Bates: Okay. I have to go back somewhat, in the sense that when the ministry was operating the service, I believe the number of air ambulance calls was something in the vicinity of 17,000 per annum. Ornge claimed that they had a service gap. There were something to the tune of 25,000 or 26,000 calls, and they were only able to handle—I believe 19,000 is what they

said. But they indicated that the number of calls they were handling each year was increasing and that they were performing much better each year, in terms of efficiency. Those were the details they provided to us on many occasions. They then took over responsibility for the critical care land ambulance in 2008-09, and there were another 2,000 calls or thereabout.

We were led to believe that these numbers were correct. They engaged a company called the Hay Group to do a review of the service gap. That service gap is what they provided to us. Although I didn't see a copy of the report, they indicated to us that it was necessary to secure much additional funding if they were going to accommodate the service gap. We based upon their information and the details and numbers they gave us, when we requested each year, through the results-based planning process, additional funds for Ornge.

We found out, much to our dismay, after the Auditor General had been in—and I'm sure the Auditor General found out the same thing after he had performed almost all of his work—that the numbers were inflated. Tom Lepine was the individual who provided us with that information, I think in January 2012, telling us that Dr. Mazza had ordered that the numbers be inflated. He wanted to show a growth in air ambulance demand, and he showed that over the years, up until Tom Lepine provided the accurate information to us. There was at least an 8% reduction, according to the information that Tom Lepine then provided us in 2012. So the number of calls actually did not increase over the period of Ornge's work. They, in fact, remained static or maybe even decreased, I'm not sure, other than for the calls performed by the critical care land ambulance.

1420

Mr. David Zimmer: You say there was an 8% gap—

Mr. Malcolm Bates: Yes. I think the total number now, including critical care, is something in the vicinity of 19,000-plus.

Mr. David Zimmer: That's as of today?

Mr. Malcolm Bates: As of the most recent information we have from them.

Mr. David Zimmer: Thank you.

Do you know who Jacob Blum is?

Mr. Malcolm Bates: I certainly know who Jacob Blum is.

Mr. David Zimmer: Have you worked with Jacob Blum in the Ornge business?

Mr. Malcolm Bates: As I indicated before, I know of one or two meetings with Jacob while he was with Ornge. I know that he met with, as I said, Dennis—I won't repeat what I said before—but he did meet with Dennis from time to time, and I know that he left the employ of Ornge—well, he left the employ, but he went on sabbatical leave for one year, from July 2008 until July 2009.

Mr. David Zimmer: What was your impression of Mr. Blum's executive skills?

Mr. Malcolm Bates: Well, it was difficult for me to assess. I can only say this: that I met with Dr. Mazza one

time and he had indicated that he thought that Jacob was providing information to us on their future plans. This was, I think, around the early part of 2007—or 2008, I should say—and we had to tell him that “Jacob has not been providing us with the information that you think he has been providing us.” That was about the only way I had of evaluating Jacob. Jacob was, in my opinion, certainly mannerly, certainly a personable individual. I had really nothing to do with him from an executive performance level in Ornge.

Mr. David Zimmer: When you told Dr. Mazza that the information that Mazza thought Blum was passing on to the ministry was deficient, what was Mazza’s reaction?

Mr. Malcolm Bates: Well, he was somewhat dismayed.

Mr. David Zimmer: And how did he express that?

Mr. Malcolm Bates: Well, just in the sense that he was disappointed.

Mr. David Zimmer: Was he disappointed in the sense that he recognized that the information provided by Blum was deficient or did he feel the fault lay with the ministry, that they had misinterpreted Blum’s information?

Mr. Malcolm Bates: No. I’m sure he felt that the problem was with Jacob.

Mr. David Zimmer: Bill 50, which is the amendment to the Ambulance Act to bring Ornge under greater oversight, similar to that of a hospital, is at second reading now. That’s a piece that’s designed to address the concerns of the Auditor General. Have you had a chance to reflect on Bill 50?

Mr. Malcolm Bates: I know that it’s in the process. I know that it’s ancillary to a revised performance agreement, and that it’s intended to provide more opportunity, should the need arise, to step into Ornge.

Mr. David Zimmer: If Bill 50 is passed in its present form, do you think that will go some way to address the difficulties at Ornge?

Mr. Malcolm Bates: It certainly will assist the situation, in the future—not—

Mr. David Zimmer: In the future?

Mr. Malcolm Bates: Yes. If there is any situation at Ornge now, I don’t think that’s intended for that. It’s intended for a future situation, should a similar type of situation arise, and I think that’s necessary in order to plan for the future properly.

Mr. David Zimmer: Any other observations about it—any sense of what the strengths of Bill 50 are or the weaknesses of Bill 50?

Mr. Malcolm Bates: No, I’m afraid I can’t give you any sort of—

Mr. David Zimmer: Since the Ornge things hit the public domain, as it were, there have been a number of changes at Ornge. Have you followed the changes that have been made as this matter has been progressing along?

Mr. Malcolm Bates: Yes, I have followed it very closely.

Mr. David Zimmer: What is your observation or comment or reaction to those changes that have started to work through the system at Ornge?

Mr. Malcolm Bates: Well, as I say, Ornge is in a difficult situation, a difficult spot for many varied reasons, one of which is the hearings that we’re here for today, which obviously do not foster things at Ornge other than to identify where the problems were, that sort of thing. They are in a very challenging situation with respect to staffing, with respect to the complaints that arise as a result of either lack of staffing or difficulties with respect to previous complaints that have been lodged, people coming forward with information that perhaps they had not come forward with previously. Ornge is endeavouring to address the situation in many varied ways, and we’re working with Ornge to assist them in every way that the ministry can. Perhaps I can give you an indication of ways that we’re doing that—

Mr. David Zimmer: Let me just—

The Chair (Mr. Norm Miller): You have two-and-a-half minutes.

Mr. David Zimmer: Then Ms. Jaczek has some questions.

Ms. Helena Jaczek: Mr. Bates, we’ve just had an opportunity to review some of the emails and correspondence that you presented to the committee this afternoon. I’m sorry to jump around chronologically, but I wanted to ask you specifically about one email here dated July 12, 2004, from Hugh MacLeod, the then-ADM, to you, to yourself. I’ll just read the whole thing because I want you to sort of get the opportunity to recall this.

“Chris and I met with the minister”—Chris being, I presume, Chris Mazza—“and I met with the minister”—who on that date would have been Minister Smitherman—“on Thursday to discuss next steps. The minister is supportive of the proposed model for consolidation of all aspects of air ambulance to a not-for-profit society. I have asked Chris to take the lead on this file and prepare the necessary slide deck for the minister to take forward. Please work with Chris to action this direction. Also”—and this is the bit I really want you to confirm for me—“the minister has requested a detailed breakdown of ‘all fiscal expenditures’ with particular focus on access to dollars. To quote the minister, he wants to be convinced that we have tactically set in direction how we are going to get the biggest bang for the dollars we have.”

This was the way you were starting to look at this project going forward. Could you sort of explain how you took this memo and how you proceeded?

Mr. Malcolm Bates: Well, I think it was a very clear direction to myself and my branch. I provided the direction thereafter to the people within my branch as to what was necessary in order to address the direction from, obviously, the minister and Mr. MacLeod. We worked towards generating the necessary submissions to the government that would in fact accomplish what they were looking for; that is, the transfer of responsibility officially to the not-for-profit organization.

Mr. David Zimmer: Chair, can we take some extra time on this?

The Chair (Mr. Norm Miller): Yes. You have another three minutes to use all your time up.

Ms. Helena Jaczek: Okay. So then you were clear in your mind that you were going to give a detailed breakdown of the budget as you knew it in the existing air ambulance program and you were going to be putting that in front of Hugh MacLeod to take to the minister, presumably, so that they could see what assets the ministry at that moment in time had, and it was your understanding that this would essentially form the basic budget of the new not-for-profit agency.

Mr. Malcolm Bates: Yes, and it was also the desire of Dr. Mazza to proceed with—at that time, we called it the acute care land transfer. It turns into the critical care land ambulance. That was part of a plan, as well as the transfer of the air ambulance.

1430

Ms. Helena Jaczek: Could you explain that a little bit more?

Mr. Malcolm Bates: Yes. Dr. Mazza had a vision of ambulance services, an integrated ambulance system, that would include not just critical care air ambulance but also critical care land ambulance. At that point in time, all land ambulance services were provided by the municipal sector, as I know you're well aware. Dr. Mazza and Mr. MacLeod wanted to set up the critical care land ambulance. That eventually occurred, in 2008, as I said before. That was part of the vision that he had.

Ms. Helena Jaczek: And this was all to be done—at that time, the thinking was—within the same budget envelope? How did they get into the next stage of increasing budgets?

Mr. Malcolm Bates: There was some funding available for transfer service, in addition to a land ambulance service, because the land ambulance services, as you'll recall, were concerned about inter-facility transfers. I thought you—

Ms. Helena Jaczek: I remember well.

Mr. Malcolm Bates: That's right. This was part of inter-facility transfers, so we had some funds available. The idea was to utilize those funds to establish a critical care land ambulance as part of the Ornge system, as it came to be called later on.

Ms. Helena Jaczek: Thank you, Mr. Chair. I just wanted to clarify that Minister Smitherman was obviously very clear that he wanted to get the biggest bang for the dollars we had, as expressed in that email.

The Chair (Mr. Norm Miller): Very well. Thank you. We'll move on to the official opposition. Mr. Klees?

Mr. Frank Klees: I guess Mr. Smitherman got a very big bang out of this, didn't he? The fact is, Mr. Bates, that when the transition took place, you've just told us that, basically, there was virtually no increase in the number of patients who were transferred. The annual budget for air ambulance service before the Mazza scheme was about \$93 million. Is that correct?

Mr. Malcolm Bates: I believe so.

Mr. Frank Klees: And today, what is the amount?

Mr. Malcolm Bates: It's \$150 million.

Mr. Frank Klees: It's \$150 million—not an increase in patient transfer, but a substantial increase—

Mr. Malcolm Bates: But please let me explain, or augment, if you will, sort of thing. There was an angioplasty service assumed by Ornge at additional funding, and the critical care land ambulance was assumed at additional funding. As I said before, the trend for expenditures in air ambulance are in fact no greater—in fact, they are less than they are in land ambulance. So even though it's \$150 million, and even though we know what was taking place behind the scenes, if you will, sort of thing, the expenditures are in fact no greater on the trend line. In fact, they're less than the ministry's increases.

Mr. Frank Klees: Thank you, Mr. Bates. I'd like to move on and pick up where we left off on the oversight issue. I heard you talk about the inspections that your branch is responsible for—the air bases, for example. I'd like to focus on the responsibility of oversight that your branch had for Ornge itself: the head office, where, quite frankly, all the decisions are made that end up with the staffing issues at the bases.

This performance agreement checklist that I distributed—if we could just go through this. This really, in large part, feels—

Mr. Malcolm Bates: I'm sorry, I don't have a copy of it.

Mr. Frank Klees: Clerk, did we not pass this to Mr. Bates?

The Chair (Mr. Norm Miller): I'm sure we did, but I'm sure we can find another one. Take this one, if you'd like.

Mr. Malcolm Bates: I'm sorry—

Mr. Frank Klees: About 90% of this checklist deals really with the responsibilities that Ornge had at the Ornge head office, so to speak.

Mr. Malcolm Bates: Right.

Mr. Frank Klees: I'd like to just run through some of this, so that we can get a sense of what the intended oversight was, and perhaps where the gap was.

I'd like to start with page number 2, at the bottom, 3.2(d), which talks about the communications officers that must be qualified—"3.2(e) Communications officers document all calls as per key performance indicators using decision support software and determine most appropriate action."

The next page, page 3, at the top of the page: "Technical connections—Ornge shall ensure that communications officers have the technical capacity to communicate" etc.

Over to page 4, at the top left, article 3.3—and, by the way, committee members, where it references the article, that is the article in the performance agreement that actually requires this work to be done by Ornge and would then be a responsibility for oversight. So 3.3(e) speaks to the Ornge education and evaluation programs that were responsible to be put into place.

Page 5, 4.1 and 4.3, talk about—a new system for communications services that was to have to been put in

place within two years of Ornge assuming responsibility. We've heard much about the lack of communication and the number of calls that were either not completed or there was a problem with the communications system. According to the performance agreement, Ornge had a responsibility to actually put in place this communications service and ensure that it's functioning, and I'm assuming that the ministry then had a responsibility to oversee that and make sure that it got done—according to this document, in any event.

Mr. Malcolm Bates: Can I just say that in fact, it did, and the Auditor General verified that they did install a new system called Optimus? I think some of the concerns that you're expressing are not so much related to a system they put in but, rather, the people utilizing the system.

Mr. Frank Klees: And that goes to the quality assurance issue, which is also referenced on page 7, under articles 5.5, 5.6 and 5.7, which talks about the necessity under the performance agreement to install a quality assurance system and team and ensure that those people are all properly trained.

It goes on, on the next page, page 8, 6.1 and 6.2, when it talks about the documentation of calls and the responsibility for file and data management.

Now, I understand that you've had some problems with Ornge in terms of proper documentation, and again it comes back to this document in terms of the oversight. My question, Mr. Bates, is simply this: As we run through this, and we don't have the time to go through all this, but numerous, numerous times the performance agreement certainly required Ornge to put all these in place. The due diligence was apparently done at the front end to incorporate these responsibilities into the performance agreement. The problem was, they didn't do it, or they didn't do a great deal of it. My question is, given this checklist, given the experience of your branch with air ambulance, knowing the complexity of all of these requirements, why did the emergency health services branch not exercise tighter control and stricter oversight of Ornge?

Mr. Malcolm Bates: Well, I would disagree with you, sir, in the sense that we exercised the oversight to the best of our abilities, if you will. The certification exercise, the certification review, was done in 2006 and 2009. That's all part of this to make sure that the documentation is done, to make sure that they maintain this type of system, and they were maintaining it. Whether they were utilizing it properly every time certainly is a question, but the certification reviews showed that they were.

The review by Meyers Norris Penny showed that they were providing an effective and efficient—and money spent according to the purposes intended. Every indication that we had and all the reviews that we conducted indicated that they were performing properly.

1440

Mr. Frank Klees: Something is pretty fundamental in this document and under the performance agreement:

Ornge was required to use Canadian dollars in all its transactions. There's a \$275-million bond offering that's out there in US funds. Where was your branch when it came to that issue? Were you not aware that they were floating a US\$275-million bond?

Mr. Malcolm Bates: First of all, that was, again, as I say to you, another part of their complex number of companies.

Secondly, the fact that they were going to purchase aircraft was made known to the ministry and to the government. Whether it's in US funds or whatever is not something that we in the branch would become involved with. And \$275 million, I presumed, was: They had a bond offering, as far as I know, and secured that money in Canadian funds. Whether they purchased the aircraft in American dollars—I presume they probably did, but I'm not—

Mr. Frank Klees: It's going to have a significant impact on the budget. Given where the Canadian dollar is and where it may go, certainly it could throw that budget off significantly, month by month. But that's another issue.

This document then goes on to schedule F, and it talks about the key performance indicators under the performance agreement—numerous references in that document to the opportunities that the Ministry of Health would have had to inspect, to demand access, to audit. I guess my question to you is: Given all these opportunities that the Ministry of Health had along the way under the previous performance agreement, why did the ministry not take that opportunity to insert itself into the operations at Ornge?

Mr. Malcolm Bates: First of all, I will tell you this: As the Auditor General said, full responsibility was transferred to Ornge for all the aspects that I outlined to you before. The paramedics, the air ambulance provision itself, the operation of that was all transferred to Ornge. It was their responsibility how to provide service, how many of which type of aircraft, how to establish and evaluate medical oversight, when to dispatch ambulances, which paramedics. There's no question that that was all transferred to the responsibility of Ornge.

Mr. Frank Klees: The oversight responsibilities were never transferred to Ornge. You admitted that yourself in your previous testimony here.

Mr. Malcolm Bates: That's right.

Mr. Frank Klees: So my question is: If, in fact, the oversight responsibility still rested with the Ministry of Health—and the Auditor General made that very clear as well in his assessment—

Mr. Malcolm Bates: I think if you read what the Auditor General said—I can ask him myself—he was not concerned with the oversight itself. He said it could be improved by more accurate information. We agree with the Auditor General.

Mr. Frank Klees: Well, let me ask you this, then. You were responsible for drafting the amended performance agreement?

Mr. Malcolm Bates: The amended performance agreement?

Mr. Frank Klees: Yes.

Mr. Malcolm Bates: I was part of that process, yes.

Mr. Frank Klees: Okay. One of the things that the Auditor General referred to very specifically was the lack of specific service levels identified in the performance agreement. When you revised the performance agreement, did you incorporate specific service level expectations into that performance agreement?

Mr. Malcolm Bates: In that performance agreement are many varied reports, and if they do not perform, then the funding can be reduced—

Mr. Frank Klees: That's not the question, sir. I'd like to ask you a very specific question: Did any of the initial drafts of the amended performance agreement contain defined service levels?

Mr. Malcolm Bates: Not to my knowledge.

Mr. Frank Klees: Does the final document, the amended performance agreement, contain defined service levels?

Mr. Malcolm Bates: How do you define "defined service levels"?

Mr. Frank Klees: I think that is a question that you shouldn't have to ask me. When we talk about defined service levels, we're talking about the very things that are a problem today at Ornge, and that is, that you're not properly staffed for critical care. You're not properly staffed for advanced care service. You end up with helicopters that don't have the appropriate staffing levels. Those are the kinds of specific service levels that one would expect are clearly articulated in the performance agreement. Are they in the amended performance agreement or not?

Mr. Malcolm Bates: They are not in that, and the reason why they are not in that is because there are standards under the Ambulance Act that ambulance operators are required to adhere to.

Mr. Frank Klees: But those have always been there, and, very clearly, Ornge hasn't performed up to those standards, and it's been very difficult for your ministry to hold them to those standards. Would it not have made sense, now that we're coming forward with an amended performance agreement, given the difficulties that Ornge has had, to actually incorporate that into the performance agreement so that Ornge has a full understanding and so does everyone else of what their responsibilities are?

Mr. Malcolm Bates: One of the requirements under the performance agreement is that they provide an operational plan. That operational plan, including the staffing plan that I mentioned to you previously, outlines or should outline the very things that you're talking about.

Mr. Frank Klees: They had that same responsibility under the previous performance agreement. They failed to deliver that. They failed to live up to that, which is why one would have expected that, given their past failure, we would incorporate those specific levels of service into the new performance agreement. It's one of the things that the Auditor General called for in his report. Why is it not there?

Mr. Malcolm Bates: Well, I think that there are enough standards and enough understandings in an oper-

ational plan that would be presented to us to include those very things. I agree with you: You need to know those very items that you're talking about, all right? It doesn't necessarily have to be in a performance agreement, as long as it's in the operational plan associated with a performance agreement.

Mr. Frank Klees: Which gets us right back to where we started, and that is, that it doesn't matter how many performance agreements you've got, it doesn't matter how much legislation you've got; if you don't have the people on the front line delivering the quality service that they're expected to and you don't have the oversight and the accountability, we're going to be right back to where we started. Would you agree with that?

Mr. Malcolm Bates: I'm not sure I agree with it, but I understand where you're going.

Mr. Frank Klees: Well, I have to tell you—you know, one of the frustrating things around here is that we continue to hear from previous executives who say, "It wasn't my responsibility. I don't know anything about this." We have people from the ministry coming forward who, quite frankly, are—and I must admit, I want to thank you for your forthrightness today, and I want to thank you for bringing us documentation that we requested in a motion that the deputy minister failed to deliver because of the date issue. You saw beyond that, you provided us with that documentation, and I thank you for that.

What I'm hoping is that on a go-forward basis, we can all work to restore confidence in our air ambulance service, but it's going to take the focus on getting it right. So when I talk about the need for those more clearly defined levels of service in the performance agreement, the question that I have to ask on behalf of everyone is, if we know that that has been a problem in terms of the service delivery, why would we not take the extra step, put it upfront, let everyone know that these are the defined service levels that we expect?

Mr. Malcolm Bates: Can I respond to that?

Mr. Frank Klees: Sure.

Mr. Malcolm Bates: Okay. I agree with you. We are all here to do exactly what you're talking about, and thank goodness we are, that we're able to do that and move forward, because it's in everybody's best interests that the air ambulance service be provided properly and effectively in this province for every patient. It's the patients that we are concerned about as far as emergency health services go. That's our prime motivation in life: to make sure that patients get what they need.

The operational plan that is part of the performance agreement must be provided to us. It will provide exactly what you're talking about. I agree with you, that you should have these types of defined service levels. I agree with you that there are problems with staffing at Ornge at this particular point in time. I agree with you that we should all work together, including Ornge and the people at Ornge to make this a better place, to make the Ornge situation a better arrangement, to make sure that the patients are better served in this province.

1450

Mr. Frank Klees: I have one last question for you.

Mr. Malcolm Bates: Oh, good.

The Chair (Mr. Norm Miller): You have five minutes.

Mr. Frank Klees: Given the experience that we now have all had—we have had a number of witnesses come forward to say that their concern was and continues to be that Ornge did not have and still does not have the core competency to be able to deliver both sides of the air ambulance service. By “both sides,” I mean that the actual business of owning aircraft, maintaining aircraft, managing an aircraft business, which is highly complex, is something beyond the scope of what Ornge is capable of delivering.

My recollection, and you can correct me, please, if I’m wrong—

Mr. Malcolm Bates: I will.

Mr. Frank Klees: I don’t believe that there was ever a government mandate for Ornge to get into the business of owning its own aircraft and running its own aircraft business. Would you agree with that?

Mr. Malcolm Bates: That’s 100% correct.

Mr. Frank Klees: Okay. I ask you this: If you had the ability to now draft the next steps of Ornge, would you agree with some who have come forward to say that Ornge should be focusing on the medical side of the equation and get back to outsourcing, contracting, the highly complex aircraft side of this business? Because the two are far too complex for an organization like Ornge to manage overall. I’d be interested in your professional opinion on that.

Mr. Malcolm Bates: As I said before, I don’t normally provide opinions. I provide advice, and I implement, when I’m directed to do so, that sort of thing.

At this particular point in time, my direction is to work with Ornge, to assist them, to improve what they are doing as an air ambulance service provider. What you’re saying—

Mr. Frank Klees: Mr. Bates, I’d like to free you up just for about two minutes. I’d like to free you up from the marching orders of implementation and draw on your rich experience. I would very much like to get your opinion on this.

Mr. Malcolm Bates: Well, I can tell you this: The contractors that provided the service previously—in particular, the rotary-wing provider was an excellent provider. I don’t know if that answers your question. It probably doesn’t.

Mr. Frank Klees: No, I think it does, actually, and I thank you for that, because, again, I think that if we’re stuck in forcing what was, in my opinion—and I’m entitled to that—

Mr. Malcolm Bates: I think you are.

Mr. Frank Klees: If we’re forcing this plan that was envisioned by Dr. Mazza, and it’s faulty and it’s not going to work, we’re going to continue to waste a great deal of energy. We’re going to draw on a lot of people’s time, and we’re not building on the competency that is already out there. I’m concerned that the mandate may

be, under any circumstances, “Make Ornge work the way it’s designed,” when what we should be doing is listening, to say, “What is it about the design that caused it to go off the rails? And what is it about the design that we have to revisit, to get back to an efficient and effective air ambulance service in this province?” Thank you, sir.

The Chair (Mr. Norm Miller): Thank you, Mr. Klees. We’ll move to the NDP for the remaining time.

M^{me} France Gélinas: Which is?

The Chair (Mr. Norm Miller): About three or four minutes.

M^{me} France Gélinas: All right.

Mr. Malcolm Bates: Can I say, “Hallelujah”? Although maybe I shouldn’t.

M^{me} France Gélinas: No, we’ll be very brief. The suggestion was just made by Mr. Klees that, really, what was great about Ornge was all of the critical care stuff that they were able to link together and get the base hospital to be linked to the land ambulance. And it worked: They did save a lot of people’s lives. It seems to have really fallen apart once they started to try to basically maintain their own helicopters and go into the rotary-wing aviation part of it. This is where it seriously derailed. We can’t change the past. Ornge now owns helicopters. Ornge now owns fixed-wing aircraft.

Could you see a scenario where operators operate those assets for Ornge, where we would go to an aviation company or companies to operate those aircraft and to operate those helicopters while Ornge retains all of the good stuff that they’ve done on the health side?

Mr. Malcolm Bates: That is certainly a possibility.

M^{me} France Gélinas: Do you see any pluses to that possibility?

Mr. Malcolm Bates: I think Mr. Klees sees pluses to that, and I think that, looking at it from an objective point of view, if you will, there are pluses to that.

Mr. Jagmeet Singh: I’m just going to change topics really quickly. There was a memo regarding the for-profit entities that went out from Ornge. Are you familiar with that memo that went out, the very detailed memo?

Mr. Malcolm Bates: No, I’m not. I may be, but I’m not sure which one you’re referring to.

M^{me} France Gélinas: It is the memo—you attended the briefing at the beginning of January 11. That’s the memo that went out.

Mr. Malcolm Bates: Oh, that one. The large letter?

Mr. Jagmeet Singh: That’s right. What was your response? In terms of the ministry and your office and people around you, what was the response to the corporate for-profit strategy?

Mr. Malcolm Bates: Well, first of all, a not-for-profit—and I’ve done a lot of review of this. There is an encouragement, if you will, even through the Ministry of Government Services, that not-for-profit organizations establish other sources of revenue. So that’s not—

Mr. Jagmeet Singh: So it didn’t send up any red flags for you?

Mr. Malcolm Bates: No.

M^{me} France Gélinas: But another source of revenue is not the same thing as operating a web of for-profit

companies. A lot of not-for-profits do generate money that comes directly back into the not-for-profit, and they don't have a corporate structure that looks like—

Mr. Malcolm Bates: I agree with you. I totally agree with that. Absolutely right.

M^{me} France G  linas: Okay.

Mr. Jagmeet Singh: Did that corporate structure then raise any red flags, the way it was designed?

Mr. Malcolm Bates: You'd have to be a Philadelphia lawyer to understand what it was all about, or maybe a lawyer from Whitby, but I'm not sure.

M^{me} France G  linas: So when it was presented in that room, and the corporate structure was there in front of everybody—I mean, you've been at the ministry long enough, I'm sure, to fall off your chair when you see a corporate structure like this. How come no alarm bells went off to say, "Wow, what the hell is this? How can this have evolved into such a web of a corporate structure?"

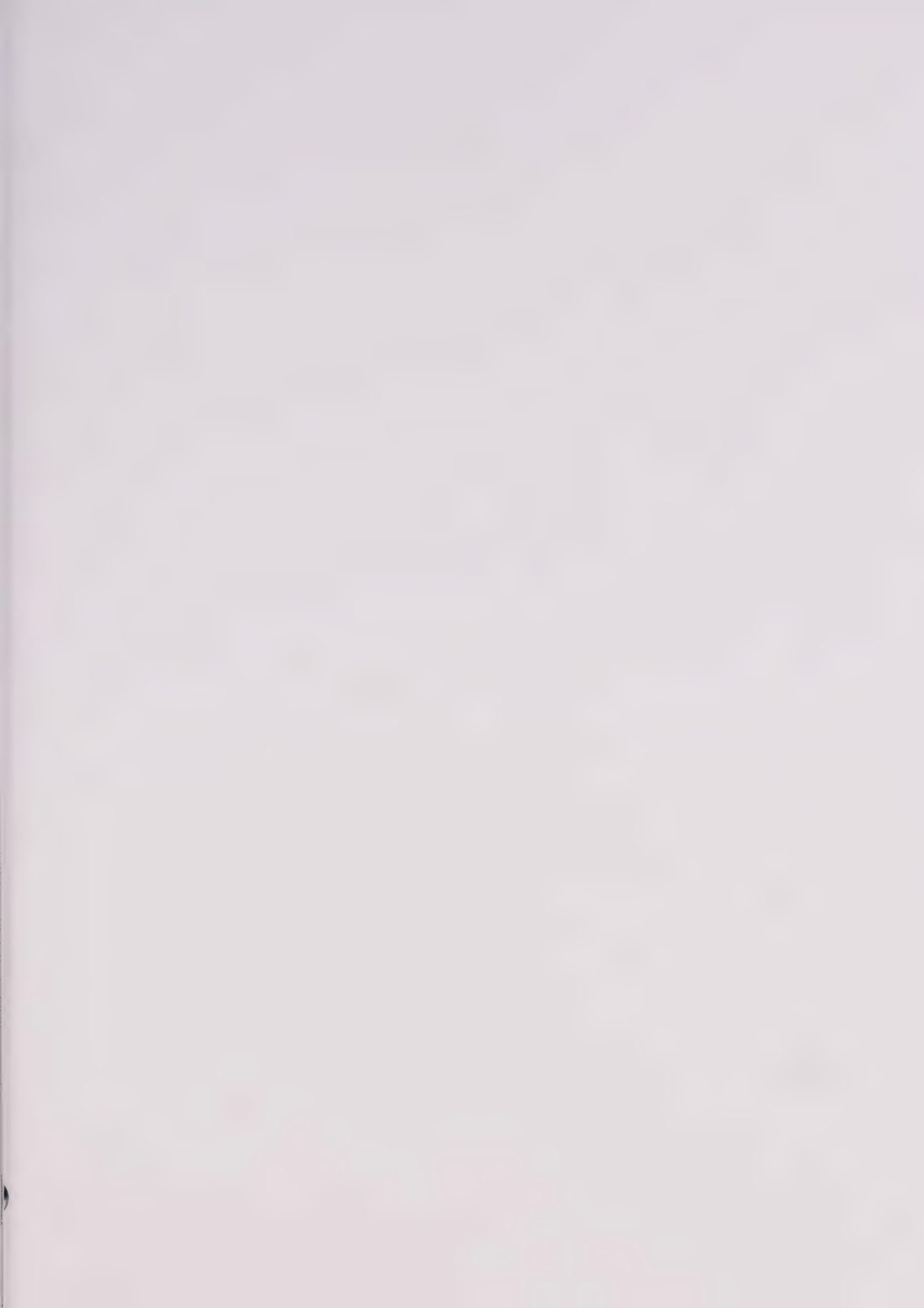
Mr. Malcolm Bates: Well, I can tell you our point of view, and that is simply, within our mandate—and I'll say it again—is Ornge. It's not all these other entities, that sort of thing. But we were concerned—if you will use that word, or at least interested—that the funding that we were providing for Ornge would be utilized for Ornge and not for the purposes of these other companies.

Mr. Jagmeet Singh: Mr. Bates, I have one final question that I want to throw in before my colleague. The Minister of Health said, "We believe the province does not control Ornge," the way it was set up and whatnot. But the Ministry of Finance has said, "We feel the government can effectively govern the financial and operating policies of Ornge," given the fact that the ministry provides the money. Who do you think is correct in this—the Minister of Health or the Ministry of Finance?

Mr. Malcolm Bates: Well, the Ministry of Finance took their own perspective on things quite rightly. It's not for me to question what the Ministry of Finance said or determined, but they determined that the funding went to Ornge. Ornge had very little other revenue, as I mentioned to you before, that sort of thing. So this was their main source of funding, income. If the government or if the Ministry of Health wanted to change things, then they could utilize or change the legislation to do something. Whether that's something that I would agree with—

The Chair (Mr. Norm Miller): I'm afraid I have to interrupt. We are out of time. We would like to thank you for coming in today again. The committee is adjourned until Tuesday, June 26, at 9 a.m. Thank you very much for coming in, Mr. Bates.

The committee adjourned at 1459.



CONTENTS

Wednesday 13 June 2012

Special report, Auditor General: Orange Air Ambulance and Related Services.....	P-361
Mr. Fred Rusk	P-365
Ministry of Health and Long-Term Care	P-379
Mr. Malcolm Bates	

STANDING COMMITTEE ON PUBLIC ACCOUNTS

Chair / Président

Mr. Norm Miller (Parry Sound–Muskoka PC)

Vice-Chair / Vice-Président

Mr. Toby Barrett (Haldimand–Norfolk PC)

Mr. Toby Barrett (Haldimand–Norfolk PC)

M^{me} France Gélinas (Nickel Belt ND)

Mr. Phil McNeely (Ottawa–Orléans L)

Mr. Norm Miller (Parry Sound–Muskoka PC)

Mr. Reza Moridi (Richmond Hill L)

Mr. Jerry J. Ouellette (Oshawa PC)

Mrs. Liz Sandals (Guelph L)

Mr. Jagmeet Singh (Bramalea–Gore–Malton ND)

Mr. David Zimmer (Willowdale L)

Substitutions / Membres remplaçants

Mr. Gilles Bisson (Timmins–James Bay / Timmins–Baie James ND)

Ms. Dipika Damerla (Mississauga East–Cooksville / Mississauga-Est–Cooksville L)

Ms. Helena Jaczek (Oak Ridges–Markham L)

Mr. Frank Klees (Newmarket–Aurora PC)

Ms. Soo Wong (Scarborough–Agincourt L)

Also taking part / Autres participants et participantes

Mr. Jim McCarter, Auditor General

Clerk pro tem / Greffier par intérim

Mr. Katch Koch

Staff / Personnel

Mr. Ray McLellan, research officer,
Legislative Research Service



P-14

P-14

ISSN 1180-4327

Legislative Assembly of Ontario

First Session, 40th Parliament



Assemblée législative de l'Ontario

Première session, 40^e législature

Official Report of Debates (Hansard)

Tuesday 26 June 2012

Journal des débats (Hansard)

Mardi 26 juin 2012

Standing Committee on Public Accounts

Special report, Auditor General:
Ornge Air Ambulance and
Related Services

Comité permanent des comptes publics

Rapport spécial, vérificateur
général : Services d'ambulance
aérienne et services connexes
d'Ornge

Chair: Norm Miller
Clerk: William Short

Président : Norm Miller
Greffier : William Short

Hansard on the Internet

Hansard and other documents of the Legislative Assembly can be on your personal computer within hours after each sitting. The address is:

<http://www.ontla.on.ca/>

Index inquiries

Reference to a cumulative index of previous issues may be obtained by calling the Hansard Reporting Service indexing staff at 416-325-7410 or 325-3708.

Le Journal des débats sur Internet

L'adresse pour faire paraître sur votre ordinateur personnel le Journal et d'autres documents de l'Assemblée législative en quelques heures seulement après la séance est :

Renseignements sur l'index

Adressez vos questions portant sur des numéros précédents du Journal des débats au personnel de l'index, qui vous fourniront des références aux pages dans l'index cumulatif, en composant le 416-325-7410 ou le 325-3708.



LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
PUBLIC ACCOUNTSCOMITÉ PERMANENT DES
COMPTES PUBLICS

Tuesday 26 June 2012

Mardi 26 juin 2012

*The committee met at 0902 in room 151.*SPECIAL REPORT, AUDITOR GENERAL:
ORNGE AIR AMBULANCE
AND RELATED SERVICES

The Chair (Mr. Norm Miller): I'd like to call this meeting to order. To begin with, just note that the big binder you have in front of you is Mr. Jacob Blum's diary information. As you will recall, Mr. Blum requested that personal information in his diaries not related to Ornge air ambulance remain confidential, and the committee agreed to that. Because of that, his professional diaries will not become public documents as an exhibit with the committee minutes. Mr. Blum did emphasize that members of the committee may refer to parts of his professional diaries that relate to Ornge or to air ambulance in the province of Ontario.

MINISTRY OF HEALTH
AND LONG-TERM CARE

The Chair (Mr. Norm Miller): Our first witness this morning is Ruth Hawkins, assistant deputy minister and chief administrative officer, corporate services division. I'd like to welcome Ms. Hawkins here. You have received the information of a witness coming before the committee?

Ms. Ruth Hawkins: I have, thank you.

The Chair (Mr. Norm Miller): Very well. Our clerk has an oath or affirmation for you.

The Clerk of the Committee (Mr. William Short): The Bible is in front of you there, Ms. Hawkins.

Ms. Hawkins, do you solemnly swear that the evidence that you shall give to this committee touching the subject of the present inquiry shall be the truth, the whole truth and nothing but the truth, so help you God?

Ms. Ruth Hawkins: I do.

The Clerk of the Committee (Mr. William Short): Thank you.

The Chair (Mr. Norm Miller): Very well. Please go ahead with your opening statement.

Ms. Ruth Hawkins: Good morning. My name is Ruth Hawkins. Thank you for the opportunity to appear before this committee with respect to the Auditor General's report into the Ornge air ambulance service.

I have been a public servant with the Ontario public service for 25 years. My direct involvement in the Ornge file began in October 2007, when I became executive lead for direct services, including OHIP registration and claims processing, land and air ambulance services and the divestment of the last provincial psychiatric hospital. I held that position till early 2010. Oversight of land and air ambulance is now the responsibility of the direct services division.

Since early 2010, I have been the chief administrative officer and assistant deputy minister for the Ministry of Health and Long-Term Care. My responsibilities now include the provision of corporate services, such as human resources, finance, procurement and facilities management.

I feel it's important to note for the committee that the actions and responses taken by ministry staff, including myself, were informed by reviews of others as well as the information and assurances provided by the board and management of Ornge, which I will discuss later.

The alleged abuses that came to light recently are very concerning for all. Ornge's leadership's apparent promotion of self-interest over the public interest was not expected and was out of character with our regular relationships with transfer payment recipients.

Within that context, I would now like to focus my remarks on some key areas that may be of interest to this committee.

In 2008, the director of the emergency health services branch and I felt that it was important to undertake a review of Ornge. We expected that the Auditor General would likely conduct an audit of the organization in the normal course of his business. A ministry-initiated review could help to identify any potential issues and allow for remedial action. The Ministry of Finance's internal audit division engaged Meyers Norris Penney to undertake the review. This included the assessment of financial management processes, procurement processes, governance and accountability framework, the integrity of Ornge's financial and service data reports, the risk management process, and compliance with the performance agreement.

In addition, MNP also focused on operational and policy considerations. The MNP review determined that, "Ornge is using provincial grant funding economically, efficiently and for the purposes intended in providing air

ambulance and related services.” We relied on these conclusions.

In November 2008, the emergency health services branch was forwarded a letter from a former Ornge employee that contained allegations relating to accounting practices and executive compensation at Ornge. This matter was immediately brought to my attention and to the attention of the then chief administrative officer, the director of the health audit service team and the manager of the forensic investigation team in the Ministry of Finance.

Two members of the forensic investigation team met with the complainant in November 2008 to review the contents of his letter. They concluded that evidence did not exist to support the contention that Ornge had a second set of financial books.

In December 2008, the director of the health audit service team and I met with the board chair of Ornge and shared the allegations in the letter. The board chair agreed to conduct an internal review. After completing that review, he assured the ministry that Ornge had thoroughly reviewed the allegations and confirmed that there was no merit to the concerns raised in the complainant’s letter.

The ministry relied on the Ornge board of directors to provide accurate financial and accounting information to the ministry. Hence, there was no reason to doubt the written assurances of the board chair, who is a fellow chartered accountant and a director of the Institute of Corporate Directors, that the allegations had no merit.

The Public Sector Salary Disclosure Act has also been the subject of discussion. Ornge did comply with this act. By definition, non-profit employers who receive more than \$1 million in funding are required to report the salaries and benefits paid to their employees who earn more than \$100,000 in salary and benefits in a given year. Each year, the Ministry of Finance collects this information from affected organizations and funding ministries.

In 2009, we understood that some executive services at Ornge, including those of the CEO, were now being provided through a related for-profit organization known at that time as Ornge Peel. This was troubling to me. I worked with the Ministry of Finance staff who confirmed that a company that is for-profit, like Ornge Peel, would not meet the definition of an employer under this act and therefore had no obligation to disclose the salaries under that act.

Thank you. I know you have questions, so I am happy to answer them.

The Chair (Mr. Norm Miller): Thank you very much for that statement. We’ll start with the official opposition. You have 27 minutes.

Mr. Frank Klees: Thank you, Chair. Ms. Hawkins, according to the ministry website, the corporate services division “leads the development and implementation of ministry management, accountability, controllership frameworks to ensure cost operational services to ministry clients, essential to the ... delivery of ministry pro-

grams...” You have been the executive lead for that division, I think you said since 2007. Is that right?

Ms. Ruth Hawkins: Let me just clarify: I was the executive lead responsible for OHIP registration claims processing, land and air ambulance, as well as the divestment of the last provincial psychiatric hospital. That was for the period late 2007 until early 2010.

0910

Mr. Frank Klees: Yes, and land and air ambulance is what we’re here to discuss, right?

Ms. Ruth Hawkins: Correct.

Mr. Frank Klees: Are you saying that you had no responsibility for the references to the responsibility of corporate services divisions such as management, accountability, controllership framework? That wasn’t your responsibility?

Ms. Ruth Hawkins: That is my responsibility currently. I am currently the chief administrative officer, and I took over that appointment in January 2010. The actual direct responsibility for land and air ambulance as of that point in time is now the responsibility of the direct services division.

Mr. Frank Klees: Please clarify for us, then. From 2007 on, when you had responsibility for land and air ambulance, what was that responsibility?

Ms. Ruth Hawkins: From the period of late October 2007 until early 2010, I had direct involvement in terms of oversight for land and air ambulance because the emergency health services branch did report directly to me. You are correct.

Mr. Frank Klees: So you did have responsibility for oversight of land and air ambulance services.

Ms. Ruth Hawkins: Directly, for the period of October 2007 till early 2010.

Mr. Frank Klees: Thank you. When the Auditor General released his report, a great deal of his report dealt with the lack of oversight. I’ll quote from page 12 of his report, where he says, “In light of the high degree of responsibility and decision-making power the performance agreement gave Ornge, it was important for the ministry to have adequate processes in place to protect its interests.” Given your responsibility for oversight of the air ambulance program, what did you do to put those processes in place to protect the public interests?

Ms. Ruth Hawkins: During that period, we had three pieces of framework that we relied on heavily. One was the performance agreement between the ministry and Ornge, the second was the Ambulance Act, and the third was the transfer payment accountability directive. During that period, under the performance agreement that was in play at that time, we had three very defined areas of responsibility as it related to oversight: There was the investigation and compliance—I believe you heard from the director of the emergency health services branch a couple of times in relation to the work that his branch did, and that branch, as I mentioned, reported to me—secondly, the efforts in terms of certification; and thirdly, the reporting under the then performance agreement.

Mr. Frank Klees: The Auditor General concluded that the ministry failed in its oversight responsibilities. Do you agree with the Auditor General or do you disagree with him?

Ms. Ruth Hawkins: I believe, if I understood correctly, that the Auditor General, when he was making reference to that particular statement, was referring to the outcome of the work that he did during the period of his investigation that was identified in his report. What I would say is, I don't agree that the ministry did fail in their oversight for the period prior to when he is articulating what he did in the auditor's report.

Mr. Frank Klees: Do you think that the ministry failed in its oversight responsibilities at any point in time relative to Ornge?

Ms. Ruth Hawkins: The ministry relied very heavily, as I mentioned, on not only the written assurances that we received from Ornge, but also verbal assurances we received from them, in addition to the reports that we received, as well as the outcome of the third party review from Meyers Norris Penny.

Mr. Frank Klees: So in your opinion, the ministry failed in its oversight responsibilities because they relied on the information from these other people and it's really their responsibility, not the ministry's responsibility. That's really what you're telling us.

Ms. Ruth Hawkins: I would not agree that the ministry did not exercise their oversight responsibilities. I feel very strongly that we relied very heavily on the information that we received from Ornge, as well as the review of Meyers Norris Penny, as well as other assurances that we received.

Mr. Frank Klees: Ms. Hawkins, when did you meet Dr. Chris Mazza?

Ms. Ruth Hawkins: For the very first time?

Mr. Frank Klees: Yes.

Ms. Ruth Hawkins: I would say years ago.

Mr. Frank Klees: And what was the context in which you came to know Dr. Mazza?

Ms. Ruth Hawkins: I came to know him when he became the CEO of Ornge.

Mr. Frank Klees: You didn't know him in his role at Sunnybrook?

Ms. Ruth Hawkins: In his role at Sunnybrook, he was an emergency physician—

Mr. Frank Klees: You didn't get to know him then?

Ms. Ruth Hawkins: I did not.

Mr. Frank Klees: I understand that your husband was a doctor or still is at Sunnybrook.

Ms. Ruth Hawkins: Yes, that's correct. He is an emergency physician.

Mr. Frank Klees: And did he know Dr. Mazza at that time?

Ms. Ruth Hawkins: They would be business colleagues, yes.

Mr. Frank Klees: Did you ever entertain Dr. Mazza in your home?

Ms. Ruth Hawkins: Never.

Mr. Frank Klees: So you never had a personal relationship with Dr. Mazza?

Ms. Ruth Hawkins: Absolutely not.

Mr. Frank Klees: Why would you have told Mr. Jacob Blum that you did entertain Dr. Mazza in your home?

Ms. Ruth Hawkins: I don't recall ever telling Jacob Blum that.

Mr. Frank Klees: Do you recall meeting with Mr. Blum on the day that he left Ornge?

Ms. Ruth Hawkins: I think Mr. Blum may be mistaken with regard to the date that he referred to, because I did listen to his testimony when he was at this committee. My recollection is that we met in early July. It was the one and only time I'd ever met Mr. Blum and the one and only time that he had actually asked to meet with me.

Mr. Frank Klees: When he met with you, did the discussion of Ornge and irregularities or questionable business practices come up in the course of that discussion?

Ms. Ruth Hawkins: I actually don't recall the content of that discussion. It was in July 2008. That I can confirm.

Mr. Frank Klees: Do you recall saying something like this to Mr. Blum: "I heard from an opposition MPP who stopped me in the hallway and asked me about a boat and lakefront property"? Do you recall that exchange?

Ms. Ruth Hawkins: No, I do not.

Mr. Frank Klees: Now, according to Mr. Blum, he responded to you by saying something to the effect—I'll quote Mr. Blum: "You have the contractual, legislative and regulatory levers to find out anything you" need "to find out about Ornge." Why "rely on ... third party information." Do you recall any of that conversation?

Ms. Ruth Hawkins: No, I don't recollect the conversation.

Mr. Frank Klees: Okay. What was the nature of your conversation, then, with Mr. Blum?

Ms. Ruth Hawkins: I actually don't recollect the conversation. I do recollect that we met, I do recall where we met, but other than that, I don't recollect the content of the conversation. It was a short meeting, it was a meet-and-greet, and it was the one and only meeting I ever had with Jacob Blum.

Mr. Frank Klees: So we have a gentleman who was head of one of the major organizations over which you had oversight responsibilities. He had just left this organization. He asked for a meeting with you and you recall nothing about that meeting?

Ms. Ruth Hawkins: I believe—

Mr. Frank Klees: It was a meet-and-greet.

Ms. Ruth Hawkins: I believe we met in early July. He indicated in his testimony before this committee that he had left, I believe he said around—I forget the exact date—July 17 or 18.

Mr. Frank Klees: I'd like to refer to a letter from Mr. Keith Walmsley which he wrote to the Minister of Health, as you refer—it actually went to Minister Best. It

was dated April 14, 2008. Now, you say that you became aware of it in November 2008. What happened to this letter in the meantime?

Ms. Ruth Hawkins: I don't know. I can't speak to what happened. What I can tell you is, I believe you're absolutely correct: He had addressed the letter to, I believe, Minister Best, but that letter was forwarded to the director of emergency health services branch on I believe it was November 14 or 15, 2008.

0920

Mr. Frank Klees: Is it typical for a correspondence to bounce around the ministry for months, especially given the nature of this letter?

Ms. Ruth Hawkins: I can't speak to where exactly that letter was. I can only speak to the point when we received it and the action that we took immediately upon receiving it.

Mr. Frank Klees: Did it concern you that it had been sitting around for months—

Ms. Ruth Hawkins: It absolutely—I'm sorry; I didn't mean to interrupt you.

Mr. Frank Klees: Did it concern you that this letter was written in April and you didn't see it until November?

Ms. Ruth Hawkins: That is why the day that we got it, Mr. Bates immediately—and I mean immediately. It was within certainly a couple of hours that he brought it to my attention, then we had immediately brought it to the attention of the internal audit division. Absolutely, it was concerning. The allegations in the letter were concerning, which is why we acted upon it immediately.

Mr. Frank Klees: So within a matter of weeks—these are serious allegations that Mr. Walmsley made. He refers to the exorbitant salary and benefits for the chief executive officer. He speaks of \$2 million in salaries for an organization with 300 staff. He refers to the concern about two sets of books. He speaks about other “eye-opening situations,” as he put it, that are taking place at Ornge. Most are in order to maximize the surplus shown back to the ministry. He speaks of individuals who are “benefiting far too luxuriously.” He's speaking specifically about the president. Then he refers to using funds I do not believe that were the intent of the ministry. These are serious allegations.

You say you met with the director of the emergency health services branch when?

Ms. Ruth Hawkins: The letter was forwarded to the director of emergency health services branch on I believe it was November 14, 2008.

Mr. Frank Klees: So November 14.

Ms. Ruth Hawkins: Yes.

Mr. Frank Klees: You wrote a letter back to Mr. Walmsley six weeks after that?

Ms. Ruth Hawkins: That is correct.

Mr. Frank Klees: And you say, “I want to assure you”—I'm quoting from the letter—“that upon receiving the letter, the Ministry of Health and Long-Term Care, with the assistance of the Ministry of Finance, have acted quickly to investigate these allegations and express our

appreciation for your assistance with the investigation, which included your discussion with representatives from the Ministry of Finance's forensic investigation team.”

You close by saying, “I am pleased to say that the issues identified in your letter have been addressed and once again thank you for bringing forward your concerns.”

In six weeks, you undertook an investigation. You brought in the Ministry of Finance's forensic team. They conducted their investigation and said, “Everything is fine at Ornge.” In retrospect, can you tell me if you thought, if you think now, that that investigation was thorough?

Ms. Ruth Hawkins: If I can, let me just talk about what happened—

Mr. Frank Klees: No, I would just like you to answer my question, please. Yes or no? Was it a thorough investigation, in your opinion?

Ms. Ruth Hawkins: In my opinion, we acted quickly and we did three very important and key things. The very first thing is, we contacted the forensic investigation team. The forensic investigation team met with the individual in November. I'm not sure exactly what date it was, but it was certainly within the two weeks of the receipt of that letter, and I'm thinking it was even sooner than that. That was one thing.

The second thing is, the director of the health audit service team and I met with the board chair, shared the letter with him, and he was very concerned, as were we. He agreed to do a review, which he did.

Thirdly, we also—because at this time as well, because we're now talking late 2008, Meyers Norris Penny was also—

Mr. Frank Klees: We've been through that. I want to get to the heart of this letter. I'd like to ask you who wrote that letter that you signed, the December 29, 2008, letter in response to Dr. Walmsley. Who wrote that letter?

Ms. Ruth Hawkins: I would have written that with the support of the health audit service team.

Mr. Frank Klees: So you had some help writing this letter.

Ms. Ruth Hawkins: Correct, but that would not be unusual at my position.

Mr. Frank Klees: Let me ask you, when you first saw Mr. Walmsley's letter, did you speak to Dr. Mazza about that letter?

Ms. Ruth Hawkins: No, I did not, and I deliberately did not do that.

Mr. Frank Klees: Did you speak to anyone at Ornge about that letter?

Ms. Ruth Hawkins: No, I did not.

Mr. Frank Klees: Did you speak to the associate deputy minister about the letter?

Ms. Ruth Hawkins: The associate deputy minister in 2008?

Mr. Frank Klees: Yes.

Ms. Ruth Hawkins: No, I don't believe there was a position that existed at that time in 2008.

Mr. Frank Klees: Did you speak to the assistant deputy minister?

Ms. Ruth Hawkins: That I did, yes.

Mr. Frank Klees: What was the nature of that conversation? Did you get direction from the assistant deputy minister in terms of what steps should be taken?

Ms. Ruth Hawkins: Yes. The day that the director of emergency health services branch received that letter, he immediately contacted me, and I immediately advised my assistant deputy minister of not only the letter, but we also then had a discussion about next steps.

Mr. Frank Klees: What did the assistant deputy minister instruct you to do?

Ms. Ruth Hawkins: She instructed me to take full action, and that would include the contacting of the internal audit division—not only the health audit service team, but also the forensic investigation team. We did that that very same day.

Mr. Frank Klees: How long did it take for the forensic investigations team to conduct their audit at Ornge?

Ms. Ruth Hawkins: I'm going to say maybe a couple of weeks, somewhere in that neighbourhood. I couldn't tell you the exact timeline.

Mr. Frank Klees: Was there a written report of that audit?

Ms. Ruth Hawkins: They did a written response.

Mr. Frank Klees: Did you ever see that response?

Ms. Ruth Hawkins: I did.

Mr. Frank Klees: I would like to ask if you could table a copy of that response with the committee, please. When can we expect that?

Ms. Ruth Hawkins: We'll do our best to get it to the committee as soon as possible.

Mr. Frank Klees: Can you enlighten this committee as to why it takes weeks for straightforward information that we request to come to this committee?

Ms. Ruth Hawkins: Could you repeat that, please?

Mr. Frank Klees: Can you enlighten this committee as to why it would take weeks for the Ministry of Health to deliver information that we request here?

Ms. Ruth Hawkins: It's my understanding that the latest information that you had requested is very voluminous, and people are working very, very hard on getting the information as quickly as they can.

Mr. Frank Klees: Well, there was a lot of information that we requested that was not voluminous—it was fairly straightforward—and we're still waiting.

However, when you saw that report, was there anything in that report that raised red flags for you?

Ms. Ruth Hawkins: Which report are you referring to?

Mr. Frank Klees: The report that we just discussed, the forensic investigation report.

Ms. Ruth Hawkins: As I maybe mentioned earlier, the forensic investigation team has a particular skill set in terms of the work that they do—

Mr. Frank Klees: I would hope it's investigating the issues that were brought forward.

My question is very straightforward. We only have so much time. I really would appreciate it if we could just answer the question. Was there anything in that report that you saw, which came about as a result of the forensic investigation, that raised concerns, that was a red flag for you?

Ms. Ruth Hawkins: No. They had indicated in the report that there was no merit to the allegation.

Mr. Frank Klees: One of the issues that Mr. Walmsley raised in his letter was how surplus funds were essentially being hidden. We also have reports that indicated that there was one occasion in 2008 where there was some \$5 million in surplus funds. Ornge asked if they could keep those funds, and you said yes. Do you recall that?

Ms. Ruth Hawkins: I do.

Mr. Frank Klees: Did you have any concern that this forensic investigation would implicate you in that?

Ms. Ruth Hawkins: That the forensic investigation would implicate me in—

Mr. Frank Klees: In allowing Ornge to keep those funds.

0930

Ms. Ruth Hawkins: Let me explain, if I could, around the \$5 million that you have referred to. It would have been late 2008 when—and this would be during one of the quarterly reports that we would have received from Ornge. There was an identification and a request at that time that they may require some additional funding in the air ambulance program. What they were asking for was not new money, but rather to reallocate money from the critical care land ambulance program to the air ambulance program. There were three particular reasons why they wanted to do that. One was related to increased fuel costs; the second one, my recollection was, was related to training that they wished to do for their staff; and the third was related to rate increases associated with their contractors.

Mr. Frank Klees: What about the fourth one, that they wanted to make a contribution to the foundation?

Ms. Ruth Hawkins: We did not know that at the time.

Mr. Frank Klees: But that's what happened.

Ms. Ruth Hawkins: You're right. The first consolidated statement, I believe, that we received was on June 30, 2008. My recollection is that the—I'd have to go back in my memory—

Mr. Frank Klees: Well, let me reword this. When you found out that the \$5 million was actually put into the foundation and not used for the purposes that—what did you do?

Ms. Ruth Hawkins: I have no evidence that the \$5 million was put into the foundation.

Mr. Frank Klees: It's in the Norris report that you yourself commissioned. It's right there. It's a line item. Where did that money come from? This organization had no revenue other than revenue coming from the Ministry of Health.

Mr. David Zimmer: Just so I can follow this: Have we got a copy of the report and that—

Mr. Frank Klees: It was distributed to you.

Mr. David Zimmer: All right. I want to just check the line item that you're referring to. It's an important point.

The Chair (Mr. Norm Miller): Mr. Klees, you have four minutes left.

Mr. Frank Klees: Well, do you want to stop the clock?

Mr. David Zimmer: Yes, stop the clock. I just want to—

The Chair (Mr. Norm Miller): We only have so much time, so—

Mr. David Zimmer: But this is an important point, Chair.

The Chair (Mr. Norm Miller): Very well.

Mr. David Zimmer: Can somebody direct me? I have this document, Frank.

Mr. Frank Klees: Yes.

Mr. David Zimmer: And where are we in that?

Mr. Frank Klees: Let me just pull it out.

Mr. David Zimmer: Do you have a copy, Madam Witness?

Ms. Ruth Hawkins: Yes. I believe he's referring to page 17 in the report.

Mr. Frank Klees: So you see the line item there?

Ms. Ruth Hawkins: Yes.

Mr. Frank Klees: Did that concern you?

Mr. David Zimmer: Which one is it here?

Mr. Frank Klees: Chair, while we bring Mr. Zimmer up to speed on this, I just want to make sure that I'm not losing my time.

Mr. David Zimmer: Frank, we just got this this morning.

Mr. Frank Klees: Well, we read it this morning, Mr. Zimmer.

The Chair (Mr. Norm Miller): You will have half an hour, Mr. Zimmer, coming up, or 27 minutes.

Continue, Mr. Klees.

Mr. Frank Klees: My question is very straightforward. When you saw that in the audit report, that this organization had no revenue stream other than from the Ministry of Health and all of a sudden we have \$5 million in a line item that is a foundation, how did you react to that? What steps did you take to get clarification, and did you take any initiative at all?

Ms. Ruth Hawkins: Let me go back, if we can for a moment, to the \$5 million that you referenced.

Mr. David Zimmer: Just a second: I'm looking at the document and page 17 refers to \$8.4 million. Have I got a different document here? I don't see the line item here.

M^{me} France G  linas: The report starts with this on page 17, and it's the top of the second paragraph.

Mr. David Zimmer: "Effective January 1, 2008, Ornge Foundation was registered"—

M^{me} France G  linas: Yes. Go to the next line: "In the year end March 31, 2008, Ornge Foundation was allocated a specified gift from Ornge in the amount of \$8.4 million."

Mr. David Zimmer: Ah. Sorry, Frank. You were referring to \$5 million. That's why I couldn't find it.

The Chair (Mr. Norm Miller): Okay. Continue, Mr. Klees.

Mr. Frank Klees: Did you question that?

Ms. Ruth Hawkins: With regard to the \$5 million: We had a business case request from Ornge with regard to allocating the \$5 million from the land ambulance program to the air ambulance program, and it was for the three reasons that I had articulated. There was direction given at that time, because I did not have authority to be able to make that reallocation of funding from critical care land ambulance to air ambulance. So that's an important piece.

I then wrote, as I think you mentioned, a letter to Ornge indicating that a decision had been made that they could allocate the money from critical care land ambulance to air ambulance. Further, I think what's really critical is that in that letter it was not only saying that the funding had to be used for the three matters that I spoke about, but further we asked Ornge to also confirm back in writing to us that in fact they understood that and that the money would be used for the purpose intended.

Mr. Frank Klees: Who made the decision?

Ms. Ruth Hawkins: It would have been made by the deputy minister of the day.

Mr. Frank Klees: And who was that?

Ms. Ruth Hawkins: I believe it was Ron Sapsford.

The Chair (Mr. Norm Miller): Mr. Klees, you are out of time. We move to the NDP, please. Ms. G  linas?

M^{me} France G  linas: I would like to start with really basic information. I take it that you prepared before you came here. You knew we were going to ask you questions about Ornge. You knew we were going to ask you questions about the Auditor General. Knowing what you know now, with all that has been printed and said about this topic, do you figure anything went wrong at Ornge?

Ms. Ruth Hawkins: I can only really speak for the time that I had what I'd call direct involvement, which is the period of 2007 to early 2010. During that time, if there were any matters that came to our attention, we dealt with them quickly and we dealt with them very expeditiously. Also, when we were dealing with any matters that came to our attention, we certainly sought the advice of others. We also had written assurances from Ornge, not only in some cases from the board or their senior staff, but we also had assurances if we needed to seek advice on other aspects, whether it was the Ambulance Act or whether it was the performance agreement or whatever. During that time, I feel that we had very good oversight. I worked very closely with the very capable staff in the emergency health services branch, who provided me with assistance during that time.

M^{me} France G  linas: So you felt that you had good oversight until 2010. I will go back to this, but for now my question is—you prepared to come here. We're now in June 2012. Do you believe anything went wrong at Ornge?

Ms. Ruth Hawkins: When I looked at the findings of the Auditor General, that was a big surprise to me. When I saw his report, when I saw what he had indicated in that

report, it was troubling, because he had indicated, in various parts of his report, as I have read through it, that there was certain data, for example, that we didn't receive. We received some information, but we found that we apparently didn't receive all the information that we probably should have.

M^{me} France Gélinas: So my question is: Do you believe that there's anything wrong with Ornge?

Ms. Ruth Hawkins: I think that the ministry has made great efforts in terms of amending the performance agreement to ensure that any matters that were identified in the auditor's report—

M^{me} France Gélinas: Are any of the matters that were identified in the auditor's report things that you consider wrong?

Ms. Ruth Hawkins: I think that it's very important, if we look at the auditor's report—he strongly recommended that we amend the performance agreement to make it stronger, to increase the accountability and the transparency—

M^{me} France Gélinas: Why would he say that?
0940

Ms. Ruth Hawkins: He indicated, in his report, that in the original performance agreement there were particular things where Ornge did not have to come to the ministry to get approval for, for example. That would be in terms of setting up new corporate structures—they didn't need to come to the ministry to get approval for that. They didn't need to come and get approval for the way they delivered their service—

M^{me} France Gélinas: And do you think this is right or wrong that they could do that?

Ms. Ruth Hawkins: I wasn't party to or had—

M^{me} France Gélinas: No, but you are here now, and I am asking you.

Ms. Ruth Hawkins: I think that the new performance agreement is very, very good, and I think that it does what it needs to do, which is actually to make sure that we have good transparency, we have good oversight and that we have very good accountability.

M^{me} France Gélinas: You tell us that from 2007 to 2010, while you were there, you were really diligent in following up on everything, but what we read about that period of time doesn't make sense with what you're telling us this morning. You have Mr. Blum, who goes to you in 2008; he has left Ornge, and he tells you about wrongdoing at Ornge. You develop amnesia and can't remember a word that this man has told you. Then, a couple of months later, you get a letter in November 2008 that you act upon—a letter that is pretty condemning of lots of wrongdoing going on at Ornge. So within a few months, two credible people come telling you that there are wrongdoings happening at Ornge. The first one you can't remember—you remember that you had the meeting, but you can't remember what he told you. The second one is in writing, so I'm guessing that you remember that letter, and you acted.

In between this, there was freedom of access to information from my party, from the NDP, asking for the

salary of Dr. Mazza; nobody could tell us and apparently nobody knew. We also had—I've forgotten—over 42 questions during estimates that asked about what was going on at Ornge, and we never got any answers from the Ministry of Health as to the 42 questions that were put out, that were part of the estimates. We always get answers to estimate questions, but for some reason, that time we didn't.

How am I supposed to reconcile the fact that you're telling us that you were giving good oversight from 2007 to 2010, that you gave good oversight, that there was nothing wrong going on at Ornge because the board was telling you so and the forensic investigator and the health audit services team and the MNP—everybody was telling you that it was just fine, yet you were getting credible people telling you the exact opposite. Try to make sense of that for me, because right now, I fail to see it.

Ms. Ruth Hawkins: I think it's very important to reiterate what I had mentioned as well, which is that when matters came to our attention, we reviewed them quickly. We also ensured that we got the necessary assurances from very capable, credible individuals in terms of reviewing those situations and providing us with support that would, in essence, provide us with the ability to respond to those particular matters—

M^{me} France Gélinas: Does the fact that you did not know Dr. Mazza's salary—any other transfer payment agency of the Ministry of Health that you have been responsible to and you want to know how much money somebody who makes over \$100,000 is making, that has always been available to you. Why is it that this didn't even raise a red flag with you?

Ms. Ruth Hawkins: In 2008, his salary was on the sunshine list. In 2009, it was not—I believe I've got those years correct. At that time, I was—you're absolutely right—the executive lead for the land and air ambulance, among other things. We did raise the question about where his salary was. We had determined in early 2009, because Meyers Norris Penny had been undergoing their fieldwork—they had indicated in some of their early review that Ornge Peel actually had management agreements and that certain executives were now working for Ornge Peel.

M^{me} France Gélinas: At the same time that this report was telling you this, it was also telling you that this agency was not making any money; that the only money that this agency was getting was coming from your ministry. Here is your ministry money going to that agency to pay people who could have just as well been paid by your ministry because you were paying them.

You've been a bureaucrat for 25 years. You rose through the ranks because you were good at what you did. You're confronted with something like this, and no red flags went up? Or did they go up and other people shooed them away?

Ms. Ruth Hawkins: The matter that you're referring to in terms of the public sector salary disclosure: Once we understood that there may be these management arrangements, we immediately consulted with the Ministry

of Finance with regard to the criteria that governed that particular act. The criteria for that act are very specific because it refers specifically to—

M^{me} France Gélinas: I understand all of this, but you're sitting here right now because things went wrong at Ornge. I spent the first 10 minutes of my questioning getting you to say that things went wrong at Ornge. Even today, on June 26, 2012, you were not able to say that things went wrong, yet I tried for 10 minutes to get you to admit that things went wrong. Are you willing to admit now that some things went wrong at Ornge?

Ms. Ruth Hawkins: The auditor's report indicated that there were matters that were brought to the attention of him—

M^{me} France Gélinas: So you're not willing to admit it. Why is it so hard?

Ms. Ruth Hawkins: I am admitting that the findings in the auditor's report are very important and very serious, and that we are taking the recommendations very seriously.

M^{me} France Gélinas: Are you able to say the word "wrong"? Because I'm starting to doubt it.

Mr. David Zimmer: Chair, that's browbeating the witness. The witness is entitled to answer the question as she sees—

Interjections.

The Chair (Mr. Norm Miller): Ms. Gélinas, continue.

M^{me} France Gélinas: They come to you to be able to spend end-of-year surplus money. You can remember in detail all of the reasons why. You can't remember conversations you've had a couple of months before, but you remember in detail exactly what they were asking you to do with that money. You failed to follow up to see that this money went to what they had been telling you that you remember in detail. It went to a foundation and a for-profit corporation. Do you figure that there are lots of transfer payment agencies in your branch of the ministry that make million-dollar donations to their foundation, that transfer millions of dollars to for-profit corporations?

Ms. Ruth Hawkins: I'd like to respond to the question that you talked about with regard to the \$5 million. I would disagree with you that we did not follow up. In fact, the original letter that did go to them indicated very clearly that the money was to be used, and it indicated for what. An Ornge senior executive signed back indicating that they understood that.

M^{me} France Gélinas: Did you follow up to see if they actually not only understood but they actually acted the way they said?

Ms. Ruth Hawkins: We also received assurances from them. We had no reason at the time to disagree with the assurances that were provided—

M^{me} France Gélinas: Do you have reason now to disagree with some of the assurances that they had given you in the past?

0950

Ms. Ruth Hawkins: Well, I could only speak to the assurances in the work that I did during the time of 2007 to 2010, when I—

M^{me} France Gélinas: Good enough. During that period of time.

Ms. Ruth Hawkins: We absolutely got assurances from them, and I had no reason to doubt—

M^{me} France Gélinas: Do you have reason to doubt now?

Ms. Ruth Hawkins: Today there's certainly a new executive in place, and I'm very confident that they have Ornge on the right track.

M^{me} France Gélinas: I don't understand. You're part of the Ministry of Health. You are here to help us get to what went wrong. If everything was hunky-dory, we wouldn't be here; we wouldn't be asking you to come. But you're not helping at all. You refuse to admit that anything went wrong. You refuse to admit that people did give you signals that things were wrong; that when the board talked to you they didn't tell you the truth. When they signed assurances to you, the signature was not worth the paper it was written on. Why is it that you cannot come forward and see what's plain in front of you?

Ms. Ruth Hawkins: Ms. Gélinas, I want to be very clear that the auditor raised issues, and those issues were being raised starting in 2011. He raised issues in his report. He absolutely did. And those are things—

M^{me} France Gélinas: Issues that were wrong?

Mr. David Zimmer: Chair, the witness has been asked the question several times—

The Chair (Mr. Norm Miller): Mr. Zimmer, you don't have the floor.

Continue, Ms. Gélinas.

Mr. David Zimmer: She can't insist that the witness change her answer. The witness is under oath—

Mr. Jagmeet Singh: Ms. Hawkins, was it wrong what happened? Was it wrong?

Ms. Ruth Hawkins: What I'm trying to say to you is that the Auditor General made—

Mr. Jagmeet Singh: Not the Auditor General. Do you think it was wrong? Now reading what the Auditor General wrote, do you think what happened at Ornge was wrong?

Ms. Ruth Hawkins: I think it's very disappointing that information that we as a ministry counted on—

Mr. Jagmeet Singh: Do you agree that assurances that were given to you, that you relied on, were false?

Ms. Ruth Hawkins: For the period that I had direct involvement, which was 2007 to 2010, I had no reason—

Mr. Jagmeet Singh: No, not that you had no reason—hear the question clearly. Not that you had no reason; that now, in retrospect, the assurances that you were given were false?

Ms. Ruth Hawkins: I have no proof that they were false.

Mr. Jagmeet Singh: Well, you have the Auditor General's report that indicated that many of the concerns

that were raised, that you were advised of, were the same concerns that continued. Despite the board telling you that the concerns had been addressed and that “We will address them,” it turns out the Auditor General’s report makes it very clear that those concerns were not addressed. So in retrospect, very clearly, the assurances that you were given by the board were false. Do you agree with that?

Ms. Ruth Hawkins: I wouldn’t agree that the assurances were false at that time. Let me tell you why. In the auditor’s report he actually points to, starting in 2011—that’s when he indicates there are matters that I think were disturbing.

Mr. Jagmeet Singh: It’s very clear that the issue of Dr. Mazza being paid a disproportionate, ridiculously high salary, given his responsibilities and given the budget of Ornge—that that salary being very, very high, or much higher than would be expected or that’s appropriate—that was clearly going on before 2011. We have ample evidence to suggest that.

At the time you were responsible, when you had been given assurances that there was nothing going on that was amiss, that everything had been taken care of—at least that one component you can confirm, that the salary that was being paid to Dr. Mazza was far disproportionate to what was appropriate. At least that issue, you must admit, was wrong, and that the assurances you were given were not reliable.

Ms. Ruth Hawkins: Let me do my best to answer your question. The very first thing is, I did not know what Dr. Mazza’s salary was until it was reported last year. I did not know that. That’s number one.

Number two is that the Provincial Auditor also indicated that the way the Public Sector Salary Disclosure Act is currently outlined and the criteria—that according to that act, Ornge did comply with that act.

Mr. Jagmeet Singh: Okay. I’m going to ask you one question here. Do you agree with me that the Auditor General—these are agree or disagree. Do you agree with me that the Auditor General’s concern—one of his concerns was that the salary that Dr. Mazza was being paid, the \$1.2 million, the \$1.4 million, was too high. Do you agree that that was an issue raised by the Auditor General?

Ms. Ruth Hawkins: Very much so.

Mr. Jagmeet Singh: Okay. Do you agree that the money that was given to Ornge was not being used properly in terms of patient care and that there were issues raised by the Auditor General in terms of the helicopters and the way the money was being used?

Ms. Ruth Hawkins: I believe the Auditor General was very clear in that the original performance agreement gave the—

Mr. Jagmeet Singh: Not the performance agreement issue, just that he had raised an issue about the money that was being used at Ornge not being used properly, that generally, that was a concern: Do you agree?

Ms. Ruth Hawkins: That was his concern, absolutely. What I—

Mr. Jagmeet Singh: Okay. So the letter—

The Chair (Mr. Norm Miller): Mr. Singh, let her respond.

Mr. Jagmeet Singh: Sure. Go on.

The Chair (Mr. Norm Miller): Go ahead, Ms. Hawkins.

Ms. Ruth Hawkins: I believe the Auditor General indicated very clearly that the original performance agreement allowed and gave responsibility for Ornge to undertake and make decisions about how they delivered that service. That was the performance agreement that we were working with at that time, up until it was amended in 2012.

Mr. Jagmeet Singh: So at least those two points—that the salary of Dr. Mazza was too high and that money was not being used appropriately at Ornge were issues that were raised by the Auditor General. You’ve agreed to that. Those two concerns were exactly what was raised in the letter as well. Mr. Walmsley’s letter was exactly that, Jacob Blum’s concerns were exactly that: that there were some salary issues, that people were being paid way too much and you should look into that, that money was being given out like water; and the second concern was that the money wasn’t being used appropriately. Those were two concerns raised in 2008, and they were the exact two concerns—at least those two; there’s more—that were raised by the Auditor General. So do you not see that the same concerns raised in 2008 turned out to be the exact same concerns that the Auditor General found, and that, in between, nothing was done?

Ms. Ruth Hawkins: I really want to reiterate that at the time, when we received Mr. Walmsley’s letter, I want you to know and I want the committee to know that we took that very, very seriously. We acted on it immediately, and I mean immediately. That was acted on within hours of receipt of that letter.

M^{me} France Gélinas: We heard this, and you’ve stated this a number of times: The forensic investigation team was called in, the health audit services team was called in, plus we have the MNP that was going—we get all of this. But at the end of the day, you didn’t know how much Mr. Mazza was making, and this is what the complaint was all about. At the end of the day, those people had basically been whistle-blowers, telling you, “This guy’s salary is out of whack.” But you conclude your investigation not knowing how much he’s making. Is it just me who thinks there’s a disconnect here?

Ms. Ruth Hawkins: I think what’s really important is that at that point in time, we relied very heavily on individual—

M^{me} France Gélinas: But you relied on individuals who did not give you answers.

The Chair (Mr. Norm Miller): Just let her respond. Go ahead.

Ms. Ruth Hawkins: We relied heavily on individuals who had—let’s think about who the people were that we relied on. We relied on people who have professional designations, that have very high ethics and values. There

was no reason, when I received assurances from those individuals, that that information was not correct.

M^{me} France G  linas: Have you ever dealt with Mr. Apps?

Ms. Ruth Hawkins: Never.

M^{me} France G  linas: Have you ever seen any of the documents that he has prepared?

Ms. Ruth Hawkins: Yes.

M^{me} France G  linas: What kind of documents?

Ms. Ruth Hawkins: He prepared, I believe, a letter relating to consolidation efforts that was, I'm going to say, early 2008, and I believe he also had written a letter—I think one within the ministry and possibly one to the Ministry of Finance as well.

1000

M^{me} France G  linas: There were people within the Ministry of Finance who alerted yourself and five other members of the Ministry of Health that it was weird that when they were asking for basic financial information from Ornge, financial information that your ministry should already have, they couldn't get it and they had to deal through Mr. Apps. Had this been the case with you?

Ms. Ruth Hawkins: Can you give me more specifics with regard to that request you're just referring to?

M^{me} France G  linas: Sure. During the consolidation effort, the Ministry of Finance was in charge of this. They were asking Ornge for basic financial information; they couldn't get it. They approached, through an email, yourself, as well as five other people within the Ministry of Health, telling them that they're having a tough time getting financial information from Ornge, and isn't it odd that their request for financial information gets answered by Mr. Apps.

Ms. Ruth Hawkins: Let me try to answer that as well. In what would have been late 2007, just as I'd taken on my role as executive lead, and in early 2008, there were efforts under way with regard to consolidation. As part of that, as one of your other witnesses indicated, the decisions with regard to consolidation are made by the Ministry of Finance through the provincial controller's office. It is not unusual that the provincial controller's office would ask the ministry for various pieces of information. That would not be unusual at all for them to do that. Remembering as well, this would be the very first time that Ornge would be consolidated. So there would be information that maybe was asked for that we may not have had readily at hand.

Mr. Jagmeet Singh: Ms. Hawkins, I just want to confirm this for the record: Would you agree with the statement that the same concerns—or at least these two concerns—that were raised in 2008 by the letter by Mr. Walmsley, the concerns of salary being too high for some of the executives and that the money that was given to Ornge not being used appropriately, were the two very same concerns—two of many—that were raised by the Auditor General in his report later on in 2011?

The Chair (Mr. Norm Miller): You have one minute left.

Ms. Ruth Hawkins: I believe the Auditor General spoke specifically that even though there were for-profit entities and if there were individuals who were hired by those for-profit entities, he felt that it was important that we should receive that information.

Mr. Jagmeet Singh: The two concerns were the same. Do you agree with that statement, that the concerns raised in 2008 were the same concerns, ostensibly, that were raised by the Auditor General? Obviously, Mr. McCarter went into much more detail and much more thoroughly, but they were the same two concerns, ostensibly. Do you agree?

Ms. Ruth Hawkins: Yes.

The Chair (Mr. Norm Miller): We are out of time, so we'll move to the government now. Who would like to ask questions? Mr. Zimmer, go ahead.

Mr. David Zimmer: Ms. Hawkins, Mr. Klees has spent some time in his examination of you bringing up various things that Mr. Jacob Blum had raised at this committee. My sense was, he seemed to put a lot of confidence in Mr. Blum's word and evidence. Have you had a chance to review Mr. Blum's evidence?

Ms. Ruth Hawkins: I did.

Mr. David Zimmer: Do you recall that Mr. Blum was asked questions about the circumstances of his leaving or departure from Ornge?

Ms. Ruth Hawkins: My recollection—

Mr. David Zimmer: No, no; do you recall that exchange in his evidence?

Ms. Ruth Hawkins: It was in his evidence, yes.

Mr. David Zimmer: Do you recall, reviewing that evidence, that Mr. Blum stated unequivocally that he was not fired but that he resigned?

Ms. Ruth Hawkins: No, I do not. I saw it in his evidence, but I think it's important that—my recollection is, when I verified the information, that our meeting was in early July. He indicated in his evidence that he left somewhere around July 17 or 18.

Mr. David Zimmer: But Mr. Blum's position is that he resigned, and sometime a couple of weeks later, Mr. Tom Lepine—do you know who Mr. Lepine is?

Ms. Ruth Hawkins: Yes.

Mr. David Zimmer: All right. Mr. Lepine said that Mr. Blum was fired. Are you aware of this question about whether Blum was fired or resigned?

Ms. Ruth Hawkins: Only to the extent of reading the proceedings of this committee.

Mr. David Zimmer: Do you have any information or did you get any information yourself whether Blum was fired or resigned?

Ms. Ruth Hawkins: No, I did not.

Mr. David Zimmer: Do you have a view as to whether he was fired or resigned?

Ms. Ruth Hawkins: I do not.

Mr. David Zimmer: When Mr. Blum was here giving his evidence, he brought selected portions of his diary, which he referenced in his evidence, and today, after being compelled by the committee, Mr. Blum has released the full contents of his diary. It's a thick docu-

ment; I would say it's six or seven inches. Were you aware that this committee had to compel Mr. Blum to release the full contents of his diary rather than selected excerpts?

Ms. Ruth Hawkins: Only to the extent that I would have read the motions.

Mr. David Zimmer: In previous evidence of witnesses, reference was made to rumours circulating around the executive suite at Ornge about Mr. Blum's drug use; in particular, cocaine use. Were you aware of any of that at the time?

Ms. Ruth Hawkins: Not at all.

Mr. David Zimmer: Did you read that in the evidence?

Ms. Ruth Hawkins: I read it in the proceedings of this committee—some questioning around that.

Mr. David Zimmer: Did you have personal dealings with Mr. Blum?

Ms. Ruth Hawkins: I only met with Mr. Blum once, and it was the meeting that we have just referenced that was held in early July.

Mr. David Zimmer: From your point of view, did you find that a forthcoming and satisfying meeting or not?

Ms. Ruth Hawkins: I actually don't recollect a whole lot about that meeting, other than it was held at 5700 Yonge Street.

Mr. David Zimmer: The members of the forensic investigation team that met with the complainant in November about the letter from the complainant: Do you know who those two persons were?

Ms. Ruth Hawkins: I couldn't tell you their names offhand.

Mr. David Zimmer: Could you determine that and give us that information?

Ms. Ruth Hawkins: Absolutely, I could. Yes.

Mr. David Zimmer: Typically, what are the qualifications of someone on a forensic investigation team?

Ms. Ruth Hawkins: I couldn't tell you exactly, but typically the individuals who are in the internal audit division, of which the forensic investigation team is a part, would typically be individuals who have an accounting designation of one sort or another. Oftentimes they may also have further training as it relates to investigative techniques, so various specialized training courses, for example. I couldn't tell you—

Mr. David Zimmer: What's your understanding of how a forensic auditor's skill set differs from a regular auditor's?

Ms. Ruth Hawkins: The forensic auditor, I believe, would be—and I can't speak to it, because I'm not one, which is why we actually engage them. But certainly they would be looking for, I would think, specific evidence, hard evidence as opposed to hearsay, in order to make their determination. They no doubt asked a series of questions, but I can't go beyond that because I'm not one. I do know that we relied very heavily on the work that they did.

Mr. David Zimmer: Would you agree with me that when one calls in a forensic auditor rather than a regular auditor, there's a whole different approach to the audit? They're looking for things that aren't right from a forensic point of view.

Ms. Ruth Hawkins: That would be correct.

Mr. David Zimmer: Why did the ministry send in, from your point of view, a forensic auditor rather than a regular auditor?

1010

Ms. Ruth Hawkins: In this situation, I took the advice of the director of the health audit service team. We determined that we felt that it would be very helpful if we did have forensic investigation so that we could actually have somebody who actually goes out and looks for the kind of evidence and asks the kinds of questions that would get at what this gentleman had raised in his complainant letter.

Mr. David Zimmer: Would you agree with me that a forensic audit, as opposed to a regular audit, is really the highest, the most rigorous, the most demanding type of audit?

Ms. Ruth Hawkins: I would say yes, and that is why we asked that these individuals review the allegations in this letter that the complainant had written.

Mr. David Zimmer: It was the report, then, of the forensic auditors that you placed great weight on in deciding what to do in following up on their report?

Ms. Ruth Hawkins: We relied very heavily on their findings.

Mr. David Zimmer: Thank you.

The Chair (Mr. Norm Miller): Ms. Sandals.

Mrs. Liz Sandals: Good morning, Ms. Hawkins. I'd like to follow up a little bit on the exchange that we had earlier around the MNP report at page 17. There was a question around a transfer of \$5 million. If I understood your response correctly, you referenced a transfer of \$5 million either from air to critical or critical to air—which was it?

Ms. Ruth Hawkins: It was critical care land ambulance to the air ambulance program.

Mrs. Liz Sandals: You approved that transfer from one program to another. Just to clarify: That was transfer payment money to Ornge, and do I understand correctly that Ornge came to you and said, "We have a bit of a surplus in this line. We have a bit of a challenge in another line. Do we have your permission to transfer from one program to another?" Was that the conversation?

Ms. Ruth Hawkins: That is correct.

Mrs. Liz Sandals: Can you tell us, then, the action of the ministry?

Ms. Ruth Hawkins: Yes. Actually, that request came in the form of a business case from Ornge at the time. The rationale associated with that particular request: It would come to the attention of the emergency health services branch, and the staff in that branch would do analysis, and that analysis would be submitted to myself as well as, at the time, the chief administrative officer.

We did not have the authority to make that decision. That analysis would have gone to the deputy minister of the day to provide direction.

Mrs. Liz Sandals: Is that a process that you would have carried out with other transfer partners? If any transfer partner came and said, "We have a challenge here. We could transfer some money from another piece of the budget. Do we have your permission to transfer from one line to another?", this would be a process that you just described that you would have done had any transfer partner made that request?

Ms. Ruth Hawkins: That's correct.

Mrs. Liz Sandals: This was a fairly routine conversation around, "Is there a business case supporting transfer from one line to another within a transfer payment partner's budget?"

Ms. Ruth Hawkins: That's correct.

Mrs. Liz Sandals: What I don't understand is what, if anything, that has to do with a note in the MNP report about a transfer from Ornge to the Ornge Foundation of \$8.4 million. Are these two conversations in any way related?

Ms. Ruth Hawkins: I would say that they're only related because of the Ornge financial statement, so let me get back to it. The reallocation from critical care land ambulance to air ambulance was a fairly routine request that may come from other transfer payment entities. For the Ornge Foundation that is noted on page 17 and was subsequently noted on the financial statement, I don't have any evidence to show—maybe others do—that in fact Ornge took that \$5 million and actually used it for this purpose that is identified on page 17.

We got assurances from the senior folks—it was actually the VP; I forget her exact title, but Ms. Renzella wrote us back and asserted that in fact the \$5 million that we had given authorization for was used for the purpose intended. It was for those three things that we talked about: One was for additional fuel costs, the second one was related to training, and the third was related to rate increases associated with the service contractors.

Mrs. Liz Sandals: Did the money go through the foundation—

Ms. Ruth Hawkins: No, it did not.

Mrs. Liz Sandals: It did not. So the \$5-million transfer from one place to another, if I'm following, really has nothing to do with the entry that's in the MNP report at page 17.

Ms. Ruth Hawkins: I do not believe so. Our transfer—

Mrs. Liz Sandals: Okay, that's why I was confused. I couldn't see any connection between the transfer you were talking about, which I was aware of, and the \$8.4 million that is noted in the MNP report.

If I may note, what the auditor says about that is that there was money transferred to the Ornge Foundation, and it would be used to—I'm paraphrasing here—purchase assets. But it then goes on, and this is a direct quote: "Ornge received a perpetual licence to use the assets purchased or developed with this donation, and the

asset will be gifted over to the province in the event that the" performance agreement "is terminated." Then it goes on, further down, to say, "The transaction was recorded by way of journal entry, and the funds continue to remain in Ornge's bank account. Management advises that the procurement policies and procedures set up in Ornge will be used in the spending of grant funding by any Ornge entity."

Recognizing that this seems to be a discussion about some different funds and assets, was there anything in that note in the audit report that raised any particular concern, other than perhaps the oddity of why they set up the foundation?

Ms. Ruth Hawkins: I don't think it did because, specifically, Meyers Norris Penny had indicated in some other notation within the report that they didn't raise any issues with the fact that this Ornge Foundation had been set up. I don't have the exact page, but there is reference to that.

Mrs. Liz Sandals: Okay, thank you. That clarifies a bit, because we seem to have two sides of a conversation that didn't seem to be directly related. I'll turn it over to Mr. Moridi.

Mr. Reza Moridi: Thank you, Ms. Hawkins, for appearing before this committee. I understand, Ms. Hawkins, that you were assistant deputy minister with the Ministry of Health and Long-Term Care, and also that you are the chief administrative officer for the ministry's corporate services. How long have you been holding these positions?

Ms. Ruth Hawkins: I've held that position since early 2010.

Mr. Reza Moridi: What previous positions did you have with the ministry?

Ms. Ruth Hawkins: Prior to my current position, as I mentioned, from 2007 to 2010, I was the executive lead. It is in that capacity that, as I mentioned, I had direct involvement with land and air ambulance as well as OHIP registration and claims processing. In addition, another role that I played was—we were divesting the last provincial psychiatric hospital. That was also a project. Prior to that, I was working with the late Dr. Sheela Basrur in public health, so I had at least a couple of years that I worked with her and had that wonderful opportunity. I also had the opportunity to work in the deputy minister's office as one of his advisers.

1020

Mr. Reza Moridi: When it comes to Ornge and also its predecessor organization, Ontario Air Ambulance, could you give us some precise information about your oversight and responsibilities over these two organizations?

Ms. Ruth Hawkins: Yes. Let me just reiterate with regard to my oversight during the period of 2007 to 2010. The emergency health services branch reported to me during that particular time. We focused primarily, as I had mentioned, on the three critical aspects of our oversight responsibilities, which were: the performance agreement that was put in place at the time; secondly, the

Ambulance Act; and thirdly, the transfer payment accountability directive. Within those particular areas of responsibility, the emergency health services branch did further investigations. There was also compliance certification that I believe Mr. Bates had spoken to the committee about. Thirdly was the financial reporting. Under the financial reporting, we would get quarterly reports, we would get annual reports, and we would get business plans from them. Then, of course, throughout the course of that time, there was always a lot of dialogue. There was a particular gentleman in the emergency health services branch, during my time as executive lead, who had primarily the day-to-day contact with Ornge.

Mr. Reza Moridi: Did you have any dealings with Ornge and its predecessor organization between 2003 and 2007?

Ms. Ruth Hawkins: I did not.

Mr. Reza Moridi: Okay. Ms. Hawkins, the Auditor General, in his report, mentions that Ornge refrained to provide information to the Auditor General. Did you have a similar experience in dealing with Ornge, in terms of obstruction of information to the ministry?

Ms. Ruth Hawkins: I've thought a lot about that statement that the auditor made. At the time, we didn't know what information we weren't getting, frankly. They gave us the information that we had asked for, but we didn't know what we were not told.

Mr. Reza Moridi: Would you agree with the Auditor General that they were refraining from the provision of information to the Auditor General?

Ms. Ruth Hawkins: I'm sorry, could you repeat that?

Mr. Reza Moridi: Would you agree that Ornge was refraining from providing information to the Auditor General, as he mentions repeatedly in his report? Would you agree with him?

Ms. Ruth Hawkins: He was very clear that he did not get the information that he asked for, and when he did get it, it was delayed.

Mr. Reza Moridi: Now knowing that they actually refrained from the provision of information to the Auditor General, would you think that Ornge did this deliberately? Do you think that they deliberately refrained from providing information to the Auditor General?

Ms. Ruth Hawkins: I would hope not.

Mr. Reza Moridi: The ministry, I understand, tried to compel Ornge to provide information. Were you involved in that process of asking Ornge to provide information to the ministry?

Ms. Ruth Hawkins: Could you give me more specifics about what you may be referring to?

Mr. Reza Moridi: Well, the information with regard to, for example, the sunshine list, the salary disclosure. Were you involved in compelling Ornge to provide information to the Ministry of Health and Long-Term Care?

Ms. Ruth Hawkins: No, I was not directly involved in what had transpired. I think he was referring to 2011 in his report.

Mr. Reza Moridi: Thank you very much.

The Chair (Mr. Norm Miller): Anyone else for questions over there? We have five minutes left.

Mrs. Liz Sandals: No, I meant we were finished.

The Chair (Mr. Norm Miller): You're finished. Okay.

Thank you very much. We've had equal time for all parties. Thank you for coming before the committee this morning.

Ms. Ruth Hawkins: Thank you.

Interjections.

The Chair (Mr. Norm Miller): Do we have agreement from the committee to allow the last five minutes to be—

Mrs. Liz Sandals: I have a few more questions, Chair. Thank you very much.

We've spent a lot of time looking retroactively backwards; I wonder if we could do a little bit more current and forward-looking. If you look at the level of oversight that you had 12 months ago versus the level of oversight that is available today, how would you compare that level of oversight that's available?

Ms. Ruth Hawkins: I would say that the amended performance agreement has a much greater degree of oversight, accountability and transparency. The original performance agreement did not require Ornge to seek approval for—for example, they didn't have to come and ask to issue bonds; they did not have to come and ask to buy helicopters. That was the responsibility of Ornge.

The amended performance agreement that came into place in March has much greater accountability. They must now come to the ministry and ask for approval prior to undertaking something like that.

Mrs. Liz Sandals: Many of the serious issues, like the issuance of bonds, the purchase of helicopters, the creation of all these spinoff companies that I don't think we've even figured out yet—none of those actions would be possible under the new performance agreement.

Ms. Ruth Hawkins: That's my understanding.

Mrs. Liz Sandals: Thank you.

The Chair (Mr. Norm Miller): Thank you very much. Thanks for coming before the committee this morning.

Ms. Ruth Hawkins: Thank you.

CITY OF OSHAWA

The Chair (Mr. Norm Miller): Now we have our next witness: Mr. John Henry, mayor of the city of Oshawa. Come forward, please. Welcome, Mr. Henry. You've received the information for a witness coming before committee?

Mr. John Henry: Yes.

The Chair (Mr. Norm Miller): Very well. Thank you. Our clerk has an oath for you.

The Clerk of the Committee (Mr. William Short): Mr. Henry, do you solemnly affirm that the evidence you shall give to this committee touching the subject of the present inquiry shall be the truth, the whole truth and nothing but the truth?

Mr. John Henry: Yes.

The Clerk of the Committee (Mr. William Short): Thank you.

The Chair (Mr. Norm Miller): I believe Mr. Henry has a number of documents that he does have copies of for all committee members, which the clerk will distribute to committee members.

You have time for an opening statement. Would you like to take a few minutes?

Mr. John Henry: Thank you, Chair. With me today we have David Potts, director of legal services; Cindy Symons-Milroy, who is the director of economic development; and Stephen Wilcox, who is our airport manager.

I'm happy to be here today. The documents that are being passed around are a complete collection of the history between the transactions of Ornge and the city of Oshawa—all emails, all documents. There is a section in the front of it that will give you the date, the contact and a summary of what the item is, so it should be very easy to follow through. Specific questions related to what went on are available here. I may not be able to answer the aviation questions, so that's why we have brought Mr. Wilcox.

The Chair (Mr. Norm Miller): Thank you for providing all that information.

Mr. John Henry: Thank you so much for allowing me the opportunity to come here today and bring forward the city of Oshawa's dealings with Ornge, which were actually quite favourable for both Ornge and the city of Oshawa.

The city of Oshawa, as you're aware, is east of Toronto. By bringing Ornge into the Oshawa area, we were able to offer the opportunity for a higher level of health care to 4.4 million people in Ontario.

1030

While we're here and as I'm starting to speak, I really do truly want to take the time. I have a background, from my younger days working in emergency measures—I was trained as a firefighter—to really have the respect for the front-line service people, for the pilots and the people who work on the helicopters. This doesn't deviate from the great work that they do, along with police, paramedics, fire and hospital throughout Ontario, and I want to make that point. They are, despite all that's going on, a key part of the health care of the residents of Ontario.

When you look at the city of Oshawa—and you will hear later today, I'm sure, why the business case for Oshawa worked—it made sense. We were centrally located. If you look at the city of Oshawa and the airport, it has all the features it needed to make Ornge successful.

The first talks related to the city of Oshawa and Ornge go back, actually, into 2009. There was an ongoing history of discussions. It went back and forth. During that time, this was a great deal. It was good for Ornge, it was good for Oshawa, and it was great for the people of Ontario to deliver that kind of service. Within the document, you will find a map in the centre of the document that will tell you why Oshawa worked and how it

served all those people. I'm very proud of the interaction that we had with Ornge, and ultimately, as mayor of the city of Oshawa, I am responsible for all actions in Oshawa. This was a great opportunity for two publicly run corporations to come together and deliver a higher level of health care to the residents of Ontario. I'm incredibly proud of the work that the staff of the city of Oshawa did in its relationship with Ornge, and if you read the document, you will see that due diligence was done and this is a great partnership. Thank you.

The Chair (Mr. Norm Miller): Thank you. The NDP will go first this time. You'll have about 28 minutes for your questioning. Go ahead, Ms. Gélinas.

M^{me} France Gélinas: Thank you, Your Worship. I appreciate you taking the time to come and talk to us this morning.

I would say that you are an unfortunate bystander to what went on at Ornge, but while you're here, in the dealings of the people before you, did you ever have any inkling as to something was wrong at Ornge, that the salaries were not being disclosed, that maybe money was being used in a way that it was not supposed to?

Mr. John Henry: I wasn't aware of any of that. The only thing I was aware of is that whenever I saw a helicopter fly over the city of Oshawa, I knew that somebody was getting great health care. I wasn't aware of any of the other issues, and if you follow the order, none of those issues came forward during the process when we made the arrangements with Ornge to make it work at the Oshawa airport.

M^{me} France Gélinas: Obviously, I didn't have time to go through your document, although I want to thank you for being so forthcoming and open with sharing all of that with us.

Through memory, do you know if you had any dealings with people at the Ministry of Health to try to secure this partnership between Oshawa and Ornge?

Mr. John Henry: As far as I'm aware, the only dealings we had were interactions between Ornge and the city of Oshawa, and then Ornge had some dealings with people at the airport related to the purchasing of the hangar.

M^{me} France Gélinas: All right. Have you ever met Mr. Alfred Apps?

Mr. John Henry: I do not believe so.

M^{me} France Gélinas: Do you know who he is?

Mr. John Henry: No.

M^{me} France Gélinas: No. Never talked to him or anything like that? He was never involved in your dealings with Ornge?

Mr. John Henry: Actually, staff pulled together a complete list. Could you say his name again, please?

M^{me} France Gélinas: Alfred Apps, A-P-P-S.

Mr. John Henry: Spell the last name again?

M^{me} France Gélinas: A-P-P-S.

Mr. John Henry: Actually, I have a list of all the interactions by name, and he's not on this list.

M^{me} France Gélinas: Very good. Have you ever talked to anybody within the Liberal Party about helping you with the dealings between Ornge and Oshawa?

Mr. John Henry: Actually, not on this issue, but I've had several dealings with members of the Liberal Party on another issue called the 407.

M^{me} France Gélinas: Oh, yes. I could see this.

Have you ever met Dr. Mazza?

Mr. John Henry: No.

M^{me} France Gélinas: You've never met him? All right.

Basically, our questions will be fairly brief. You are mayor of a city. It is completely understandable that you would reach out to politicians, your local MPP. Ornge is a service under the wing of the provincial government. Has the city ever approached your local MPP to help with the endeavour of bringing Ornge to Oshawa?

Mr. John Henry: I actually have reached out to our MPPs on several issues related to things for the city of Oshawa and the region of Durham, ultimately the province of Ontario, if you had followed my comments on some of the other things I've done. This is about the economy of southern Ontario. Oshawa is only part of the Ornge issue today, but Ornge is a big part of Ontario. I do reach out to MPPs on a regular basis. I do talk to MPPs throughout the Durham region, because not only am I the mayor of the city of Oshawa, I'm also a regional councillor in the region of Durham and I have interaction with members through the entire region.

M^{me} France Gélinas: Very good, and so you should. I encourage you to keep on doing this. If we are there to help our constituents, if we can be useful, then this is what we're elected to do. Thank you very much.

The Chair (Mr. Norm Miller): Mr. Singh?

Mr. Jagmeet Singh: No, thank you. I have no questions.

The Chair (Mr. Norm Miller): Very well. I'll note how much time you used and we'll move on to the government then. Mr. Leal.

Mr. Jeff Leal: Thanks very much, Mr. Chair. How much time do I have?

The Chair (Mr. Norm Miller): You have 28 minutes.

Mr. Jeff Leal: Thank you very much. Welcome, Mayor Henry. Good to see you again. How long have you been mayor of Oshawa?

Mr. John Henry: I was elected as mayor in the October 2010 election and I was a regional councillor for one term prior to that.

Mr. Jeff Leal: Could you tell the committee what provincial and federal ridings are included within the city of Oshawa?

Mr. John Henry: Provincial and federal ridings? Well, of course, we have all parties during elections currently—

Mr. Jeff Leal: No, no, the ridings. What ridings are in the city of Oshawa? Is it one riding, two ridings?

Mr. John Henry: It's two ridings.

Mr. Jeff Leal: What's the name of those ridings?

Mr. John Henry: We have the Whitby–Oshawa riding and the Oshawa riding.

Mr. Jeff Leal: Who are the current members of provincial Parliament that represent those two ridings?

Mr. John Henry: Of course, Jerry Ouellette is here today and Christine Elliott is—I assume that she would be out doing the business of her constituency today.

Mr. Jeff Leal: Who are the current members of the federal Parliament from Oshawa?

Mr. John Henry: That would be Dr. Colin Carrie in Oshawa and the Honourable Jim Flaherty for Whitby–Oshawa.

Mr. Jeff Leal: Could you tell me in which riding, federally and provincially, the airport is located?

Mr. John Henry: The airport is located in the middle of Oshawa. It covers a vast section of Oshawa. It's on the east side of Simcoe Street, so it would be in the federal riding of Minister Flaherty.

Mr. Jeff Leal: As you're aware, you've been asked to attend before this committee because of a decision that was made by Ornge in June 2011 to establish a base in the Oshawa Municipal Airport, correct?

Mr. John Henry: Yes.

Mr. Jeff Leal: It is my understanding that you, as mayor of Oshawa, took on the responsibility of attempting to attract and incent Ornge to establish a base at the Oshawa airport. Is that indeed correct?

Mr. John Henry: We actually worked with Ornge, and you'll find that all those documents that you're referencing are in this document. We did put together a plan to work with Ornge to come to Oshawa, yes.

Mr. Jeff Leal: If we could go back to this period, then, could you describe for the committee in detail what steps you took in pursuit of the resolution to secure the base in Oshawa?

Mr. John Henry: Actually, I can, if you give me one second. I'll give you the reference. If you'd like to turn to page 309 in the manual that you have, the document that we sent to Ornge is there and it's listed. It's signed by me. It was dated June 29 and it has all the things listed. If you look at item 1—

Mr. Jeff Leal: Sorry, what was the page number?

Mr. John Henry: It's page 309.

Mr. Jeff Leal: Thank you. Okay.

Mr. John Henry: I'm prepared to answer any of those questions, or I can walk you through it if you'd like me to.

Mr. Jeff Leal: Sure, if you want to provide a quick comment on it, I'd appreciate it.

Mr. John Henry: Item number 1 talks about waiving landing fees. Currently we do not charge Durham Regional Police for landing their helicopter at the airport because it is an essential part of our community. We looked at Ornge as being an essential part of the community.

Wholesale fuel program: The city of Oshawa actually owns the fuel system at the Oshawa airport.

Priority snow removal: We do priority snow removal for the police department now in the performance of their duties. We would just continue to do that.

The airport apron will need improvements. Those documents are in here. You'll actually find the detailed drawings for those documents in here as well for your own reference later, when I expect you would read the entire document.

1040

Mr. Jeff Leal: I will; you can be assured of that.

Mr. John Henry: There was a grant to offset property taxes, an operation-of-a-hanger grant, a potential grant to offset regional property taxes—I bring in the comment “potential”—potential of an operational/hangar grant—potential—and there are some miscellaneous terms, A through D.

Mr. Jeff Leal: Were you aware during that time that the Oshawa Municipal Airport was deficient in many aspects, as outlined by Mr. Potter in his testimony here, at least insofar as the suitability for the air ambulance base was concerned?

Mr. John Henry: It's kind of funny, because through here you'll find a reference that the airport was in great shape. The business plan is in the front of the document, and I wouldn't be aware of what Mr. Potter has said, nor could I prepare for his comments because I wasn't here for the conversation.

Mr. Jeff Leal: Just to follow up on Mr. Potter's testimony: He indeed, of course, had his testimony under oath. Were you aware that the Oshawa—

Mr. John Henry: As am I.

Mr. Jeff Leal:—as you are. Were you aware that the Oshawa airport, according to his testimony, had a takeoff and landing curfew of 11 p.m.?

Mr. John Henry: Actually, if you would read the document that's included here, medical flights are exempt from that. So are police flights.

Mr. Jeff Leal: According to his testimony, were you aware that the Oshawa Municipal Airport did not have an instrument landing system?

Mr. John Henry: I'm not aware of what he would say. Again, I wasn't here.

Mr. Jeff Leal: Were you aware that if Ornge was to use Oshawa there would be a significant issue in terms of ability to land during inclement weather?

Mr. John Henry: I wasn't aware he said that, no.

Mr. Jeff Leal: Continuing on with his testimony, were you aware the Oshawa Municipal Airport did not have a suitable runway to accommodate Ornge?

Mr. John Henry: For aircraft. We're talking about a helicopter. Helicopters don't need a lot of runway.

Mr. Jeff Leal: Were you aware that the Oshawa Municipal Airport, according to his testimony again, had a significant noise abatement problem and that local residents were very active in raising their concerns about airport-related noise?

Mr. John Henry: We get very few calls about the police helicopters, so I imagine that anything related to an air ambulance helicopter would be minimal. We ac-

tually had a very interesting council meeting last night that went to 1:30 in the morning—

Mr. Jeff Leal: I remember those days well.

Mr. John Henry: —to talk about airport issues.

Mr. Jeff Leal: Committee has been provided a comprehensive review of the incentive package. I have a copy of the agreement that was ultimately signed between the city of Oshawa and Ornge.

Mr. John Henry: That agreement was signed by me, yes.

Mr. Jeff Leal: It details a remarkable range of incentives that your city offered up to Ornge in order to secure the base. Perhaps you could read into the record the various incentives that are set out in this agreement.

Mr. John Henry: I think I just did.

Mr. Jeff Leal: Could we go through it again?

Mr. John Henry: Did you miss it the first time?

Mr. Jeff Leal: Yes, I think I did.

Mr. John Henry: If you turn to page 309 within the bundle that we gave you so that everybody is on the same page, we talked extensively—as I lead into the incentives, don't forget: These are two publicly owned corporations working together to provide the best deal for the residents of Ontario, because Ornge services Ontario. This isn't about the city of Oshawa; this is about providing better health care in a faster, more efficient manner across southern Ontario to 4.4 million people.

Number one, if you look at it: Oshawa will waive Ornge landing fees for a period of 20 years. As I stated earlier, we do not charge the Durham regional police landing fees, and they run a helicopter out of our airport.

Oshawa owns the fuel system at the Oshawa airport.

Priority snow removal: We do that for police now. We would do it for Ornge just to make sure that the residents of Ontario get the best health care out of the airport as they possibly could.

We would need to make airport improvements in that amount, as in here. You will find in here later a document that talks about airport improvements and how, when the deal came together at the airport and a hangar was sold, some of the proceeds of that hangar sale were dedicated towards airport apron improvements.

A grant to offset property taxes at the city of Oshawa, operational/hangar grant, a potential grant to offset regional property taxes, a potential operational/hangar grant—and then there are some miscellaneous terms that you can read down through here.

Mr. Jeff Leal: Thank you very much. As a former person who spent 18 years on municipal council, did you consult with council before offering and ultimately agreeing to these—

Mr. John Henry: Actually, you'll find within this document complete approval from Oshawa council for me to go forward. Council was absolutely aware of the deal in the end, as all councils should be informed.

Mr. Jeff Leal: I just want to talk about the hangar for a moment.

Mr. John Henry: We don't own the hangar.

Mr. Jeff Leal: What was the process that it took to convince the particular company to sell the hangar to Ornge?

Mr. John Henry: I wasn't involved in the real estate transaction at all, but there's documents here supporting the conversation that took place.

Mr. Jeff Leal: Is it safe to say that—was there pressure put on the company to sell that hangar to Ornge?

Mr. John Henry: Well, actually, no, because they reinvested in the airport, bought another piece of property, are building another building; and we will increase our property taxes from that endeavour.

Mr. Jeff Leal: Do you know if the particular company involved made any money off of the sale of this particular hangar?

Mr. John Henry: It was a private real estate deal. I don't get involved in private business dealings between any parties in the city of Oshawa. It's not appropriate.

Mr. Jeff Leal: Do you know if any other private entities at the Oshawa airport were designated to make money as a result of the establishment of the base at Ornge?

Mr. John Henry: Well, I imagine that anybody that supplies parts and services would make money. I'm not aware of any direct relationship, nor do I have any relationship with any business at the Oshawa airport.

Mr. Jeff Leal: Another one of the incentives that was offered to Ornge to secure the base was a capital investment of \$62,000 to construct a 1,200-foot taxiway. Was that necessary?

Mr. John Henry: I'm not sure. It's definitely less than the money that was put into the Peterborough airport.

Mr. Jeff Leal: The \$62,000 was coming from the third party, I take it?

Mr. John Henry: No, it wasn't \$62,000; it was \$30,000.

Mr. Jeff Leal: Do you know who the third party was?

Mr. John Henry: It was the person that sold the building to Ornge.

Mr. Jeff Leal: Do you know the name of that entity?

Mr. John Henry: I do. It's in the documents.

Mr. Jeff Leal: Thank you very much.

In recent weeks, we've heard testimony from two individuals, Mr. Potter and Mr. Lepine, that the decision to establish a base in the Oshawa airport was not supported by the technical experts at Ornge. For example, on May 9, 2012, Rick Potter, former chief executive officer at Ornge, indicated that "Oshawa was certainly not an airport of my choice...." Here's what he said: He told us that the Oshawa airport was deficient in a number of ways. First, we talked about the 11 p.m. curfew for take-off and landing—

Mr. John Henry: Excuse me; while you're saying that, we've clarified that. There is no curfew for medical flights or police flights or emergency parts delivered at the Oshawa airport.

Mr. Jeff Leal: So Mr. Potter was wrong, then, in his testimony—

Mr. John Henry: Mr. Potter is wrong in that statement, yes.

Mr. Jeff Leal: Is it true—

Mr. John Henry: That document is in here, so you will be able to find it and the reference to the operating hours at the airport.

Mr. Jeff Leal: Is it true that throughout this period of time you were facing some significant resistance from area residents about plans to expand one of the Oshawa airport runways from 4,000 to 5,000 feet?

Mr. John Henry: We've had resistance. Some people have been concerned about the Oshawa airport since 1987, and the Delcan report was quoted yesterday at Oshawa council. There's always been an issue with noise at the airport, and you as a member of council—I'm not sure where you live in Peterborough in relationship to the airport—get noise complaints occasionally. You can be aware that at the Oshawa airport we do have military flights that do come in and out of the airport on occasion too. Sometimes there is some noise, yes.

Mr. Jeff Leal: The Peterborough Regional Airport is substantially outside of the city of Peterborough, so it doesn't have those problems.

Mr. John Henry: Yes. I understand recently a \$30-million investment at the airport as well—

Mr. Jeff Leal: Between the federal, provincial and municipal governments; that's true.

Mr. John Henry: To attract Ornge, I believe.

Mr. Jeff Leal: Are you going ahead with your runway extension?

Mr. John Henry: Actually, as of last night's council meeting, we're going on with a business plan on the airport on its current 4,000-foot runway.

Mr. Jeff Leal: Back to Mr. Potter. I'll give you a document, sir, so you're not left out in the cold here. It was an exchange of questions that I had with Mr. Potter—

Mr. John Henry: Mr. Chair, it would be inappropriate for me to go through a document that I haven't been given in advance—

Mr. Jeff Leal: Well, I'll give you tabs. There are tabs there. We can make reference—

Interjection.

The Chair (Mr. Norm Miller): Hang on a second. I would agree that if you want some time to look at it before you continue your—

Mr. John Henry: Well, in fairness, Mr. Chair, if I have it, every other member of committee should have it.

Mr. Jeff Leal: Mr. Chair, here's a copy for you.

The Chair (Mr. Norm Miller): We will endeavour to get it to all committee members.

Mr. Jeff Leal: Do you want the copy, Mr. Chair?

The Chair (Mr. Norm Miller): All the members of the committee will need a copy of that document. What is the document, Mr. Leal?

Mr. Jeff Leal: It's just a series of tabs and correspondence and my exchange with Mr. Potter when he appeared in front of committee.

Mrs. Liz Sandals: So it's part of Hansard?

Mr. Jeff Leal: It's part of Hansard, so it's already—

The Chair (Mr. Norm Miller): We'll have the clerk look at this.

Mr. Frank Klees: I would ask that the questions—

Mr. Jeff Leal: Mr. Chair, has the clock been stopped?

The Chair (Mr. Norm Miller): We have until noon, and I'll make sure the time is used fairly.

Mr. Jeff Leal: May I continue to—

The Chair (Mr. Norm Miller): Okay, we will recess for five minutes to copy this document.

The committee recessed from 1054 to 1100.

The Chair (Mr. Norm Miller): I'll call this meeting back to order. All members have a copy of the document that was handed out. Of course, the witness has just received a copy of that as well. So if he's comfortable answering questions on that, he's welcome to. If there are things in it that he needs time to get back to us at a future date, that is fine as well.

Do you want to continue with your questioning, Mr. Leal?

Mr. Jeff Leal: Thank you very much, Mr. Chair.

Your Worship, you now have a copy of that?

Mr. John Henry: Yes.

Mr. Jeff Leal: Can we go to tab 6?

Mr. John Henry: Sure.

Interjection: What tab is that?

Mr. Jeff Leal: Tab 6 is the exchange between Mr. Potter and myself.

Interjections.

Mr. Jeff Leal: For the record, of course, Mr. Potter was agency Ornge's former aviation boss.

Mr. John Henry: That was the person earlier you'd mentioned—a comment from Mr. Potter.

Mr. Jeff Leal: Yes.

Mr. John Henry: I understand that Mr. Lepine rebuts Mr. Potter's comments—

Mr. Jeff Leal: Some of it.

Mr. John Henry: Some of it. He says that Oshawa or—

Mr. Jeff Leal: I'm asking the questions, so I'll—

The Chair (Mr. Norm Miller): Let him respond, please.

Mr. John Henry: Earlier you'd asked a question. In one of your documents that—I haven't been privileged to read all the information that has come forward, but in one of the documents, on May 30 from this committee, there's a comment that says—I believe it's Mr. Lepine that rebuts Mr. Potter's comments. It says, "We did ... the analysis. There was a matrix done. Oshawa was the clear winner."

I just want to make sure that I've recognized that and read it, so I understand a little bit more of the questions earlier.

Mr. Jeff Leal: Yes, and we can get into Mr. Lepine's testimony too.

Mr. John Henry: My job is not to debate you, sir. Mine is to answer questions.

Mr. Jeff Leal: And I'll keep asking the questions.

Mr. John Henry: I'd like you to.

Mr. Jeff Leal: Okay.

Mr. John Henry: Terrific.

Mr. Jeff Leal: Back to Mr. Potter: There is one very interesting exchange between both of us. I asked him, "Did you advise against the decision to go to Oshawa?" His response was, "I did initially, and I did subsequently, yes."

We have learned that the decision to select the Oshawa base was opposed in the organization by Mr. Mazza, as confirmed by Mr. Lepine. Are you aware of this?

Mr. John Henry: I am not aware of this page at all, but I am aware of the one that I just read into the record, yes.

Mr. Jeff Leal: Did you ever meet Dr. Mazza in 2011?

Mr. John Henry: No, I haven't.

Mr. Jeff Leal: You are aware that, for a period of time, my community, in doing the work on behalf of my constituents—because of the \$30-million investment that was designed specifically to house aviation services both potentially for Ornge and for MNR, that Peterborough was the preferred location for the Ornge base?

Mr. John Henry: I have no dealings or understanding of that conversation, nor would I. I'm not the mayor of Peterborough.

Mr. Jeff Leal: There are some media reports about the fact that the city council and residents of Oshawa were never made aware of the precise terms of the deal that was reached with Ornge, despite the fact that there were taxpayers' dollars involved in all this. Is it true that the terms of the deal were not publicly released?

Mr. John Henry: Actually, you'll find a copy of everything in here, and it has 100% of council's approval. You'll find that when you find the document, all members of council were present at the meeting where it took place.

Mr. Jeff Leal: Your Worship, I just want to refer to a couple of tabs here, so I will—

Mr. John Henry: In your binder or in mine?

Mr. Jeff Leal: In the one that I just gave you. We'll go through the tabs.

Mr. John Henry: Sure.

Mr. Jeff Leal: I have a package of documents to share with you, which I have. I'd like to take you through this package. There are a series of letters and emails that I'd like to refer to. Can you turn to tab 1?

Mr. John Henry: Yes. That's the letter from Christine Elliott.

Mr. Jeff Leal: Could you read the letter for me?

Mr. John Henry: Sure.

"Dear Minister Matthews,

"Re: Ornge (Helicopter Air Ambulance) Opportunity at Oshawa Airport

"I am writing to you to encourage you to support bringing a crucial emergency service to the Durham region, through the Oshawa Municipal Airport.

"As you know, Ornge is planning to relocate one of its air ambulance helicopters to the eastern greater Toronto area in order to enhance its emergency response coverage. I understand that both Oshawa airport and the Peter-

borough Municipal Airport are under consideration to receive the Ornge service.

"Based on my meetings with concerned stakeholders, there are numerous advantages to support introducing this service to Oshawa. Its proximity to the GTA would reduce on time of travel and on cost of fuel. Implementing the service in Oshawa would prevent Ornge staff from having to relocate from Toronto, since they would still be within commuting distance. Moreover, the Oshawa airport has the land and technical facilities to support an air ambulance and medevac operation.

"I support this initiative as a step forward to providing transport medicine to areas east and north of greater Toronto."

Mr. Jeff Leal: Thank you very much, sir. Could you read tab 2 for me?

Mr. John Henry: Chair, I don't understand the purpose of me reading these.

Interjections.

Mr. John Henry: Everybody has a copy. I'm making the assumption that it's been read already. Do you really want me to read these?

Mr. Jeff Leal: Yes, I would like it read into the record.

Mr. Frank Klees: Chair, I want to just make this point—

The Chair (Mr. Norm Miller): No, no, Mr. Klees. If he wants it read into the record, that's fine.

Mr. Jeff Leal: I want it read in the record.

The Chair (Mr. Norm Miller): Go ahead, Mr. Henry.

Mr. Toby Barrett: Why don't you read it into the record?

Mr. Frank Klees: Why doesn't Mr. Leal—

Mr. Jeff Leal: I'm asking the witness to read it into the record.

Mr. Toby Barrett: No. Why don't you read it into the record?

Mr. Jeff Leal: Mr. Chair, I'm asking the witness to read it into the record. Mr. Henry, please—

Mr. John Henry: Actually, it's Mayor Henry.

Mr. Jeff Leal: Sorry. Mayor Henry?

Mr. John Henry: Thank you.

Page 2—this letter is from John O'Toole, dated April 29, to Christopher Mazza:

"Dear Dr. Mazza:

"This letter is to express my support for locating the Ornge helicopter base at the Oshawa airport. In my view, the Oshawa location would provide a better response time for the rapidly growing Durham region communities and for approximately 36% of the Ontario population.

"As you will know from a resolution passed by Oshawa city council April 11, the city has confirmed that the Oshawa Municipal Airport has the land and technical resources to support air ambulance/medevac operations. I understand the city of Oshawa is also preparing a comprehensive package to attract and support the Ornge operations.

"I trust that this input will be of assistance. Thank you for your consideration, and please accept my best wishes.

"Yours truly,

"John R. O'Toole, MPP

"Durham."

Mr. Jeff Leal: Thank you very much, Mayor Henry. Could you read tab 3 for me, please?

Mr. John Henry: This is dated Saturday, June 11: "Minister Flaherty is eagerly awaiting a decision on whether or not we'll be going to Oshawa."

Mr. Jeff Leal: Could you read tab 4 for me, please?

Mr. John Henry: This one, tab 4, is from Lisa Kirbie, dated June 18: "Tell them decision is imminent and they'll be the first call you make."

Mr. Jeff Leal: And the bottom part of tab 4, please, Mayor Henry.

Mr. John Henry: The same day: "On Oshawa base. I'm being confronted by two Flahertys, Chris Alexander, and several candidates at an event."

Mr. Jeff Leal: Tab 5 is a picture. We've already talked about tab 6.

Mr. John Henry: Actually, can I comment on this picture?

Mr. Jeff Leal: Absolutely.

Mr. John Henry: This was a great day to celebrate Ornge coming to Oshawa. The two gentlemen in the uniforms are from Durham region medical services. This was a good event. There's actually a quote in here from Richard Armstrong on the press release that talks about the importance of Ornge coming to Oshawa and what it will do for the entire Durham region.

Also, just so you know, we were aware of the union's involvement in wanting it to be located in the Durham area as well. They had sent us a series of information. This first came on my weather channel, per se, from the employees of Ornge. That's how I first heard about Ornge and what was going on.

Do you want me to go to tab 6 now?

Mr. Jeff Leal: Tab 6, we've already been through, Mayor Henry. It was the exchange between Mr. Potter and myself.

Mr. John Henry: Yes, and that's the one that has been contradicted by Tom Lepine, on the page within the document I read earlier, which says Oshawa or Peterborough—they did the analysis, there was a matrix done and Oshawa was the clear winner. I think that's important to realize. That is in your document. So, assuming everything that I read is true, then that must be true.

Mr. Jeff Leal: And then, of course, at the end of the day, Mr. Lepine did contradict that, saying that Dr. Mazza made the decision.

Mr. John Henry: It must be on a different page.

Mr. Jeff Leal: Just a couple of more questions. Ornge has publicly stated that the decision to move the Oshawa base is now under review. Are you aware of that?

Mr. John Henry: I'm actually aware. I will tell you that in the document in the back, I've had a conversation—I forget the director; it was a lot to take in and try to absorb—about what's going on at Ornge. I'm quite aware of how a great and essential service of the prov-

ince, and the talented people that work for Ornge, are in the midst of something that is not so nice.

Mr. Jeff Leal: Through you, Mr. Chair, have you had any conversations in the last little while with Mr. McKerlie?

Mr. John Henry: Mr. McKerlie is the new acting chair or director of Ornge?

Mr. Jeff Leal: Acting chief executive officer.

Mr. John Henry: Yes, I have. It's documented in the book at the back.

Mr. Jeff Leal: Do you know why Ornge made a decision to put the decision to go to Oshawa on hold?

Mr. John Henry: Well, their decision to come to Oshawa was a great financial decision. They saved a lot of money by buying an existing hangar.

Mr. Jeff Leal: Are you currently in any discussions with Mr. McKerlie at this time?

Mr. John Henry: I had a discussion with him—I don't have my Day-Timer with me, but it is written on my desk—I think two weeks ago.

1110

Mr. Jeff Leal: Mayor Henry, would you be kind enough to get back to committee to give us the date of that conversation?

Mr. John Henry: I can do that off my BlackBerry, I think, right now. I can multi-task so you—

The Chair (Mr. Norm Miller): Mr. Leal, we would need another committee member to make the request.

Mrs. Liz Sandals: I'll make the request for that.

Mr. Jeff Leal: Mr. Zimmer or Ms. Sandals may.

Mrs. Liz Sandals: Yes, I'll make that request on Mr. Leal's behalf.

The Chair (Mr. Norm Miller): Mr. Zimmer?

Mr. David Zimmer: Thank you, Chair. I understand that part of the idea out there to get Ornge located in the community was that the owner of the proposed hangar was going to sell the hangar and then donate the proceeds to so-called capital improvements. Is that correct?

Mr. John Henry: There was a deal that was between the owner of the hangar and the city, yes.

Mr. David Zimmer: And what was the deal?

Mr. John Henry: Just off the top of my head, I believe it was a commitment to reinvest some money into the airport.

Mr. David Zimmer: Who was the owner of the hangar?

Mr. John Henry: I can't remember the last name of the person.

Mr. David Zimmer: Can you get me that information?

Mr. John Henry: Yes, I can do that.

Mr. David Zimmer: How much money, of the proceeds of the sale, was going to be donated back to capital improvements?

Mr. John Henry: To apron improvements: I believe it was \$30,000.

Mr. David Zimmer: How much?

Mr. John Henry: It was \$30,000.

Mr. David Zimmer: When you first got on to this idea of inviting Ornge to locate there—

Mr. John Henry: Actually, before you say "invite," Ornge had been to the city of Oshawa to look at the airport in 2009, so Ornge already realized that there was an airport in the city of Oshawa. The discussions go back to that date. That's in the front of the binder that we gave you.

Mr. David Zimmer: So when did you or the city or the municipal officials become aware that in order to get Ornge there, there were some problems or some changes that would have to be made with respect to the airport: landing rights and runway distances and all those other things?

Mr. John Henry: To answer the first part of your question, my first time becoming aware of it was when a member of Ornge that was in the union started—I believe it was a phone call, and I can't tell you when—to talk about the difficulties for the residents that work for Ornge to commute to Hamilton.

Mr. David Zimmer: What about the length-of-the-runway issue?

Mr. John Henry: The package that we have here before Ornge right now deals with rotary aircraft. The length of the runway does not come into place unless you use planes.

Mr. David Zimmer: And one last—

The Chair (Mr. Norm Miller): You have two minutes.

Mr. David Zimmer: So you were in charge or had oversight of negotiating the arrangements with Ornge?

Mr. John Henry: Well, as the mayor of the city, I'm actually in charge of everything that happens in the city, and I take full responsibility for the great work that our staff does each and every day.

Mr. David Zimmer: That being the case, how is it that you don't seem to know a great deal about the deal?

Mr. John Henry: First of all, the real estate deal is between Ornge—

Mr. David Zimmer: No, but you said you're the mayor and you have oversight over everything.

Mr. John Henry: I don't sell property, sir.

Mr. David Zimmer: Did you inform yourself about what the gist of the deal was?

Mr. John Henry: I had the basics of some of the deal, yes, but I don't enter into real estate transactions anywhere in the city of Oshawa. Politics should never get into—

Mr. David Zimmer: What about the broader aspects of the transaction, of the deal?

Mr. John Henry: I have the knowledge of what was put in the document that's within the binder.

Mr. David Zimmer: All right; thank you.

Mrs. Liz Sandals: That being the case, could you explain to us, if you have no knowledge of the deal, why, on page 324 of the document you submitted, there are appraisals prepared for Oshawa on the properties that are for sale? If you had nothing to do with the financial tran-

saction, then why did the city prepare appraisals of the lots in question?

Mr. John Henry: We own the lots at the airport. We own land at the airport. Our city staff puts together packages for information for the general business community all over the city. In fact, our economic development department gathers information on properties that are privately held in the city as well, so when business comes to Oshawa, no matter whether it's the airport or anywhere else—

Mrs. Liz Sandals: So why do you, then, have tear sheets for the Nesbitt hangar and the Canadian Flight Academy? Those would appear to be things that are owned by other people.

Mr. John Henry: You will find that there are sheets on everything related to the airport in here.

Mrs. Liz Sandals: But you just told us that you had no knowledge of the value of any of this.

Mr. John Henry: I don't interfere with the value of properties at the airport or anywhere else in the city. I've—

Mrs. Liz Sandals: No, but you've been telling us that you had no knowledge, yet there are city documents here.

Mr. John Henry: I've read the documents that—

Mrs. Liz Sandals: Well, then, don't tell us you have no knowledge.

The Chair (Mr. Norm Miller): We are out of time, and if you want to finish off with the response to that question, go ahead, and then we'll move to the opposition.

Mr. John Henry: Chair, thank you. The city of Oshawa, region of Durham, is huge. I also look after and chair all of the social housing for the region of Durham. I sit on the police services board. I help manage the money, and I chair the finance section. I'm responsible for those organizations, too, but I don't get into the day-to-day operations of the police, nor am I allowed—nor do I get into the day-to-day operations of social housing in the city of Oshawa.

Mrs. Liz Sandals: But these are the documents—

The Chair (Mr. Norm Miller): We'll move on to the opposition. Who would like to start?

Mr. John Henry: I think I've answered the question.

The Chair (Mr. Norm Miller): Mr. Klees?

Mr. Frank Klees: Thank you, Mayor Henry. First of all, I want to take this opportunity to compliment my colleagues Christine Elliott and Mr. O'Toole for advocating for their ridings and advocating for the city of Oshawa to locate the Ornge base there.

And I want to compliment you and your staff for having negotiated what was probably the only legitimate deal that Ornge did over the last number of years.

I'd like to ask Mr. Leal if he bought a hunting licence for this witch hunt that he and his colleagues are on, because it seems to me that having failed in his lobby of trying to get Ornge to Peterborough, he's now insisting on attempting—

Interjection.

Mr. Frank Klees: He's—Chair.

The Chair (Mr. Norm Miller): Continue with your question, please.

Mr. Frank Klees: Mayor Henry, we forgive Mr. Leal. He pops in and out of these hearings. If you've noticed the Hansard records, he pops in and out every once in a while to make this very point. We're convinced, on this side, that it's probably out of a deep sense of guilt for having let his own constituents down in terms of not being able to—

The Chair (Mr. Norm Miller): Let's not have personal attacks—

Interjection.

Mr. Frank Klees: Chair, I have the floor.

Interjection.

Mr. Frank Klees: Chair, I have the floor. This is ridiculous.

The Chair (Mr. Norm Miller): Okay, let's not make this personal, please.

Mr. Frank Klees: Well, it's not personal.

Mr. Jeff Leal: If he keeps it up, I'll respond, Mr. Chair. You can count on that.

Mr. Frank Klees: Mr. Chair, I ask you to take control. Mr. Leal, as you know, is out of order. We listened with great silence here to your attempt to undermine the credibility of Mayor Henry.

Interjection.

The Chair (Mr. Norm Miller): Mr. Klees, if you could continue with your question.

Mr. Frank Klees: Well, Chair, I'm going to ask you—

The Chair (Mr. Norm Miller): Please just continue with your question.

Mr. Frank Klees: —to assume your role as Chair and ensure that Mr. Leal allows me to question and make statements when I have the floor.

The Chair (Mr. Norm Miller): Go ahead.

Mr. Frank Klees: I did not interrupt Mr. Leal, and I ask for the same consideration. If Mr. Leal—

Mr. Jeff Leal: And I didn't get personal either.

Mr. Frank Klees: If Mr. Leal is not prepared to respect this forum, I ask you, as Chair, to do your part.

The Chair (Mr. Norm Miller): Very well. Mr. Klees, continue.

Mr. Frank Klees: Thank you.

With regard, Mayor, to the location, I understand—and by the way, a number of us were lobbied over the course of time regarding this Oshawa base. Most of the lobby actually came from the CAW/TCA, who were advocating on behalf of some 200 staff on behalf of what they assumed—and were distributing to us, as MPPs, very factual information about the legitimacy and the justification for having the base at Oshawa. So none of us were surprised when that announcement was made—obviously except for Mr. Leal.

I'd like to ask you this: In terms of the location, what were you told was the justification for locating the Ornge base in Oshawa?

1120

Mr. John Henry: Excellent question, thank you. If you turn to page—just let me make sure I get the right page. Within the document—and I’m sorry, I may have lost the tab—there’s actually a map of the area that shows the Oshawa airport and where it’s located, and beside that is a list of delivery times. I mentioned earlier that I had gone to school to be a firefighter—not in Canada but in the United States—and minutes and seconds make a difference. When you look at the delivery times from the Oshawa airport through the greater part of southern Ontario, you’ll find that the airport makes sense, that you will get faster service, not only into Peterborough from Oshawa but to parts of Toronto. The airport is perfectly situated to service 4.4 million residents of the province of Ontario. It makes sense.

Sorry, I’m looking for the page. I did tab it, but I must have knocked the tab off on the way in, but the map is here. There’s a pin in the middle of the map that shows you where Oshawa’s located, gives you the travel times and the rings. It makes sense. In its proximity—for example, this morning, commute times into the city of Toronto are terrible. Any time that you can put someone in need—

Interjection.

Mr. John Henry: Thank you. It’s on page 206. If you turn to page 206, you will see a photocopy of a map and in the middle it will show a pin that shows Oshawa. It shows the location and it shows the servicing areas that Ornge would cover from that. When you look at that, that covers a large portion of the population of southern Ontario. It makes sense when minutes matter.

This morning I drove downtown, and trying to get downtown today was not easy; finding a parking spot here was even more difficult. But my relationship with Queen’s Park is fairly controversial. Each one of you have received more than one email from me or a letter dealing with every issue that happens that’s important to the city of Oshawa. I have lobbied you all, including on the 407 and Bill 11. By the way, while I’m here, Bill 11 eliminates the ability for businesses in Durham region to get any economic development fund.

I’m fairly controversial. MPP Leal and I do not have the greatest relationship, and that’s come forward this morning. When you stop a highway in the middle of Oshawa, at Simcoe Street, there’s a problem. I’m on the record and that’s well-known. The controversy that has gone back and forth today is directly related to a difference in opinion that we have on the building of the 407, which also impacts about \$6 billion of the economy of the province of Ontario every year, so—

Mr. Jeff Leal: It’s Harmony Road, by the way, isn’t it?

The Chair (Mr. Norm Miller): Mr. Leal, please let him continue.

Interjection.

The Chair (Mr. Norm Miller): Do not interrupt him.

Mr. John Henry: Well, now that’s fair, because he’s mentioned it, yes. Through lobbying, including con-

tacting all members of this Ontario government, they came to the sense—the sense—to not run it down a major street through the centre of Oshawa that has three S turns in it, and moved it off to Harmony and eventually to the 115, but the announcement in the newspaper said it was going to stop at Simcoe Street. Now, I didn’t make that announcement; that announcement was made by somebody in this room. It was in the Peterborough Examiner, and that’s how I found out. Since that day, prior to 2010, we have had a difference of opinion, and that has come forward today in the questioning.

You know, it’s troublesome because I really think that the province of Ontario got the best deal they could possibly get, the most cost-efficient deal and the greatest service to the residents of southern Ontario. I’m sitting here and I’m taking it, and I’m getting a little annoyed that this has become personal. It’s not about the business of health care any longer, and it goes back to the pilots and the paramedics and all those people that work for Ornge that do a great job each day. It’s about our staff at the city that put together a great deal. This is a good deal where money has been saved, and you know what, it might be the best deal that Ornge has ever done.

Mr. Frank Klees: That’s my opinion as well. Thank you for clarifying that. It certainly gives us on this committee an insight into Mr. Leal’s intrusions into this committee over the last number of hearing dates.

I’d like to pass on to my colleague Mr. Ouellette for the balance of our time, Chair.

The Chair (Mr. Norm Miller): Mr. Ouellette.

Mr. Jerry J. Ouellette: Thank you very much, Your Worship, for coming in today. A couple of quick questions: During the process—I’m not sure if you’re familiar—my understanding was that the staffing issue was very key to the decision-making process in regard to the Ornge location. Do you have any background or information that you might be able to inform on how the impacts would take place, should it be located outside Oshawa or the region of Durham?

Mr. John Henry: You know, I can only comment on what I’ve heard about the ability to get pilots back to their home base at the end of the day and travel time and that sort of thing. A majority of their employees live within the boundaries of Durham region, so it just made sense, but—

Mr. Jerry J. Ouellette: So my understanding was that one of the key concerns was that if it had been located outside the region of Durham, it would require all staff to relocate their housing as compared to where they’re living currently.

Mr. John Henry: My understanding is that it would have been difficult for some members of the—

Mr. Jerry J. Ouellette: And staffing is a very key issue, as you mentioned about the hard work that these individuals do.

What’s the current relationship that you have with Ornge?

Mr. John Henry: We’re on hold. We don’t really know where it is going. Our hope is that they continue to

come to Oshawa, to bring a medevac service to Oshawa. That's what this package that we've talked about today that's in here—those documents talk about great health care.

Mr. Jerry J. Ouellette: So when you're saying you're on hold and you want to ensure they stay there, it sounds like the relationship isn't quite—there are some rocky fields there, possibly something's muddying the water there, that they're looking at potential relocations?

Mr. John Henry: I don't think it's anything—there is no problem with Oshawa and the plan is just, the reasons make sense. I think the problem is the overall picture of what has gone on. It is a problem. In the end, it'll be a great made-for-TV movie, because eventually it's all going to come out.

Mr. Jerry J. Ouellette: So effectively, the concern is that the services that are provided by Ornge may not continue in the future. From what we're hearing now, they're possibly looking at locating to another area, say, even Mr. Leal's riding.

Mr. John Henry: In all fairness, related to Ornge, I'm not sure they know what they're doing yet. I know that they're trying to get to the end of a long process to make it work, but air ambulance is essential to the health care of the province of Ontario. In today's day and age, and traffic congestion being what it is, accidents happen, whether it's something in Collingwood or something in Kingston. People need—and we have great doctors, great medical facilities in Ontario. I like to think that the best health care in the country is located within the boundaries of Ontario. This is exciting. Making it work is even more important. This is going to be a great project for whoever fixes it and makes it go forward, because the business case is there that we need an air ambulance service. I don't know, after this process is done, what that will be, but it is essential that we have an air ambulance service in the province of Ontario.

Mr. Jerry J. Ouellette: And effectively, there appeared to be some confusion regarding the runway length as compared to a superbase requiring fixed-wing as opposed to helicopter. And Oshawa was located as a helicopter base.

Mr. John Henry: Yes.

Mr. Jerry J. Ouellette: All right. So that kind of ended that because there was no discussion about any other requirement to accommodate fixed-wing during the discussions, as far as you know?

Mr. John Henry: Well, in the overall package, in part of it, they did talk about fixed-wing. But the end result is what is happening in Oshawa. It is a medevac base for a helicopter.

Mr. Jerry J. Ouellette: Okay.

Just in closing, I want to congratulate you on being successful over competing communities to bring Ornge to our community, acting in the best interests of the people of the region of Durham.

Thank you, Chair.

The Chair (Mr. Norm Miller): Very well. Now, we have not used all the time. There's half an hour left. Is

the unanimous consent of the committee to use that time up?

Interjection: No.

The Chair (Mr. Norm Miller): Okay, then. We are done.

Thank you very much for coming in this morning. We appreciate you taking the time and bringing along all your documents this morning, as well.

Mr. John Henry: Thank you, Chair.

The Chair (Mr. Norm Miller): We're recessed until 1 o'clock.

The committee recessed from 1129 to 1301.

ORNGE

The Chair (Mr. Norm Miller): We will call this meeting to order. Our first witness for the afternoon is Mr. Jim Feeley, vice-president, aviation, from Ornge. Mr. Feeley, welcome. Just to confirm, you have received the information about a witness coming before the committee?

Mr. Jim Feeley: Yes, I did.

The Chair (Mr. Norm Miller): Very well. Our clerk will have you do either an oath or an affirmation.

The Clerk of the Committee (Mr. William Short): The Bible is in front of you there. Mr. Feeley, do you solemnly swear that the evidence you shall give to this committee touching the subject of the present inquiry shall be the truth, the whole truth and nothing but the truth, so help you God?

Mr. Jim Feeley: I do.

The Clerk of the Committee (Mr. William Short): Thank you.

The Chair (Mr. Norm Miller): Very well. If you want to do an opening statement, please—

Mr. Jim Feeley: I do not. I'll just take questions.

The Chair (Mr. Norm Miller): Okay, then we'll have half an hour for each caucus, starting with the Liberal caucus. Go ahead. Who would like to go first? Ms. Sandals.

Mrs. Liz Sandals: Good afternoon. How do you do? Welcome to public accounts. We were talking about the Oshawa airport. Actually, before we start here, could you just describe a little bit of what your role is at Ornge so that we all understand?

Mr. Jim Feeley: As the VP of aviation, I'm responsible for and the accountable executive to the air carrier, essentially, now, both air carrier certificates and the approved maintenance organization. So I'm the over-riding principal person within the Ornge group right now responsible for the aviation side of the business.

Mrs. Liz Sandals: So this would be the—

The Chair (Mr. Norm Miller): Sorry, could you pull your mike a little bit closer? Not really close, but a little bit closer.

Mr. Jim Feeley: Certainly. There we go. Is that better?

The Chair (Mr. Norm Miller): I think that it probably is better. Thank you.

Mrs. Liz Sandals: This would be, then, oversight of the actual air bases, the maintenance, the actual aviation aspects. You're the person who would deal with Transport Canada in terms of that sort of regulation, if I'm understanding that properly?

Mr. Jim Feeley: Yes. That's true.

Mrs. Liz Sandals: Could you tell us, then, what was your particular responsibility with respect to the decision to award the Oshawa Municipal Airport with an Ornge satellite base?

Mr. Jim Feeley: At that time, I was not in that decision role. That would be Rick Potter as the COO at the time that decision was made.

Mrs. Liz Sandals: Sorry, we're still having trouble hearing you.

Mr. Jim Feeley: Oh, I'm sorry. I'll get closer, then, and speak up a bit. Is that better?

Mrs. Liz Sandals: So at that point you would have reported to Mr. Potter?

Mr. Jim Feeley: Correct.

Mrs. Liz Sandals: And he would have had more direct responsibility?

Mr. Jim Feeley: Yes, he was definitely—he would have been the signatory on that decision, yes.

Mrs. Liz Sandals: But you would have had some knowledge of what was happening at the time. Can you explain to us what it was that led Ornge to be looking for some sort of an air base in eastern Ontario? What was the original rationale for looking?

Mr. Jim Feeley: First-hand, again, I was not really—I guess my short answer would be, I don't know. I was not directly involved in that decision as to why. I do know that there was a desire, and I don't know the reason for the desire, once the Hamilton decision was made, to look at either Peterborough, Oshawa or something east of the city. But that's the extent of my knowledge.

Mrs. Liz Sandals: Just so we can get this for Hansard, the operation was out of Toronto. Some of the operation was going to move west to Hamilton, so there was, for whatever reason, some need to look at a base east of Toronto.

Mr. Jim Feeley: There was an initial decision to move to Hamilton, to move the GTA facility out of there to Hamilton. Then there was a subsequent decision to move somewhere east of the greater Toronto area.

Mrs. Liz Sandals: Do you have any knowledge of what type of base you were looking to establish: how many aircraft, how many paramedics? I understand you don't have responsibility for paramedics, but what sort of a base were you looking for?

Mr. Jim Feeley: I'm going to decline—I don't know, and it would be hearsay or whatever. I was not directly involved in the decisions, no.

Mrs. Liz Sandals: You've already alluded to the fact that Peterborough and Oshawa were in the running. Are you aware whether there were any other airports in the running, or it was just basically—

Mr. Jim Feeley: I don't know. I have in my office a binder that supports the decision of those two bases, but

that's the extent that I have. Whether they excluded any others, I don't know.

Mrs. Liz Sandals: It's my understanding that, in the early stages at least, Peterborough was given some of the documentation that I think the committee has seen as well; that Peterborough seemed to have the most check marks.

Mr. Jim Feeley: I don't know. Again, I have the final decision matrix on the scoring and the process that was done. Whether there was an early runner, I don't know.

Mrs. Liz Sandals: Could you just repeat? You say you were involved in the final scoring?

Mr. Jim Feeley: No. I have the final document, as the people who have left—

Mrs. Liz Sandals: Okay, you've inherited the paper—

Mr. Jim Feeley: I've inherited the final paperwork. Having reviewed it slightly—I've looked it over—it seems to be complete in terms of the processes there. It's all there. The only discussion is around Peterborough and Oshawa, and there were no biases as far as I could tell.

Mrs. Liz Sandals: This is where I think we're having a problem, because we're getting into conflicting testimonies amongst the various players. Mr. Lepine, I believe, testified to issues around landing and takeoff curfews at Oshawa, availability of instrument landing, the shortness of the runway, some noise issues. Are those deficiencies mentioned in the document you've seen? Are these the sorts of issues that people were looking at in the ranking in the paperwork you've seen?

Mr. Jim Feeley: Yes.

Mrs. Liz Sandals: And those were deficiencies that were noted?

Mr. Jim Feeley: I don't know about deficiencies. They were—

Mrs. Liz Sandals: Challenges?

Mr. Jim Feeley: —challenges, and they were scored, one facility against the other. There were minimal qualifications to meet the Ornge requirement. If both parties met them, they were scored, in their most desirable to least desirable.

Mrs. Liz Sandals: Do you have any recollection, reading the document, what the scoring reflected on any of those issues?

Mr. Jim Feeley: No.

Mrs. Liz Sandals: As we know, there seems to have been, in some of the testimonies we've seen—actually, interestingly, in some of the documents that the mayor provided this morning, there seemed to be some indication that Peterborough, at least in the perception of those who were involved in the conversation, was the lead, at least in the early running.

There's also a lot of confusion in the testimony that we've seen. I'm going to ask one of my colleagues to hand these bits and pieces of paper over. This is either Hansard or stuff that was delivered to us this morning, for my colleagues who are wondering what I just handed over.

The first thing would be the extract that we had seen from Hansard, where Mr. Potter testified that in the initial mix—if you could just give him the whole package, Jeff?

Mr. Jeff Leal: Sure. There you go, sir.

The Chair (Mr. Norm Miller): Can we get that around to all the committee members, please?

1310

Mrs. Liz Sandals: It's the same one that Jeff handed out this morning.

The Chair (Mr. Norm Miller): Thank you.

Mrs. Liz Sandals: It's the same package that Mr. Leal handed out this morning. Anything I'm referring to here was already tabled in this morning's hearings, Chair. I'm not introducing anything that wasn't already introduced this morning.

The Chair (Mr. Norm Miller): Okay. Very well. Thank you.

Mrs. Liz Sandals: In this exchange, Mr. Potter said, "In the initial mix, we were charged with finding the most suitable airport that would operate our Pilatus aircraft, our AW139 aircraft and a potential business jet." According to him, that was the initial thing.

If you look at the next document I handed you—for my colleagues, I'm at page 77 of the giant Oshawa document. The mayor presented us this morning with quite a large document of material that Oshawa had on hand. What I'm referencing here is an email from Stephen Wilcox, who, if you look at the last page, is the airport manager at the Oshawa Municipal Airport. He's writing to John MacKenzie and to Rick Potter, who would have been the people who were more directly involved in the decision.

Mr. Jim Feeley: Yes. Correct.

Mrs. Liz Sandals: And if you look down towards—just the last line there before we start with point 1 and point 2, he says, "In summary Oshawa offers a number of key advantages over other airport in the greater Toronto area."

If you look at point number 5 on the second page, he talks about "Extension of runway 12/30 to 5,000 feet," and goes on to say, "In 2009"—so this letter is dated December 23, 2009—"Oshawa airport began a process to examine the potential to extend runway 12/30 to 5,000 feet. The timetable for the extension is as follows:

"(a) Preliminary examination of land and zoning. Oshawa retained the services of PSMI engineering in 2009 and they have determined that the extension of runway 12/30 to 5,000 feet is feasible within the current airport property limits and airport zoning. The work included a preliminary design."

He then goes on to, in point (b), get around to the "work is expected to be completed by March 2010." He reiterates that, March 2010—sorry, that was preliminary engineering work in March 2010. The business case was to be completed by March 2010, and then goes on to state: "Construction within the timetable established within the business case. The establishment of a base by Ornge in Oshawa would constitute an immediate

business case and would accelerate the construction of the runway extension...."

This is the information that Oshawa airport gave to those responsible for making the decision at Ornge, it would appear.

The mayor testified this morning that a runway wasn't really part of the expectation. Although, when we look at the document, which I've given you a copy of—for my colleagues, it's at page 309, the document on which we have the mayor's signature and Dr. Mazza's signature. If you go to point 4 in that agreement—it's got the Ornge logo at the top. This is dated June 29, 2011, and when you look over the page, it's signed by Mayor Henry and Dr. Mazza. Point 4 says:

"Airport Apron Improvement

"Oshawa will make a capital improvement in the form of an apron or taxiway," and then goes on to say that the maximum cost is \$62,000.

The mayor has told us today that, really, this was just a helicopter base. Why would you be committing to possible taxiway—I mean, we've got this initial document saying, "We're doing a runway or proposing to do a runway." We've got the actual agreement that's talking about taxiways, which I don't think help helicopters. Do they?

Mr. Jim Feeley: Yes.

Mrs. Liz Sandals: They do help helicopters?

Mr. Jim Feeley: Yes. I'm going to answer it on the fact that I was not in the room when this discussion—but I'll support the question and try and answer it for you.

There was a need to improve the building apron or the building taxiway, the connection between—helicopters still need to fit into the airport traffic. They still will go to the button of their active runway, and they will use that as their takeoff. Now, mind you, they lift off—basically, they go in the spirit of that direction to aid in the air traffic control. Then they'll be vectored off. Once they're in the air, they're vectored off in the direction they want to go, under ATC, air traffic control. So they still use the runway.

The connection in the area and the traffic flow around the front of this hangar was weak, so they agreed—part of the discussion was that they were going to aid in that so that we could get in and out of that building with greater ease, and they were willing to support that. That's my understanding.

Mrs. Liz Sandals: What happened to the beginning of the discussion where fixed-wing were contemplated, a longer runway? I take it that fixed-wing could land at Peterborough.

Mr. Jim Feeley: I don't know.

Mrs. Liz Sandals: No, they can't?

Mr. Jim Feeley: I don't know. It's not necessarily in the length of the runway; it's more the navigational aids and the off-hours support and fuel availability in the off-hours. There are lots of factors considered; yes.

Mrs. Liz Sandals: What happened that it started out as helicopters and fixed-wing and then it ended up just being helicopters in the discussion? Why, if initially they

were looking for capacity for both helicopters and fixed-wing east of Toronto—if, as you're saying in the final agreement, the taxiway has nothing to do with fixed-wing, clearly the agreement they signed doesn't have any reference to extending the runway. We hear that that project has been pretty much put to rest. Why was the decision made not to have fixed-wing capacity east of Toronto? That was the initial search, and then it seemed to disappear.

Mr. Jim Feeley: I'm just trying to help out the—

Mrs. Liz Sandals: I understand this, that you—

Mr. Jim Feeley: The initial discussion was to go to Hamilton, and then there was a request or a desire or an ambition to go east of the city. If we would look at the current model, it's two helicopters. There were no plans in terms of Ornge air to modify that, so it would have been helicopters, in my opinion. That's all I can say.

Mrs. Liz Sandals: This whole discussion around what was required may have been a bit of a moving target, then. Clearly, at one point—it isn't just Mr. Potter's imagination that they were looking for both, because Oshawa is telling them how they're going to get both. Then, for whatever reason, that part of the equation disappeared.

The other piece—was there or wasn't there a problem—that came up in the testimony this morning was the area around noise abatement. There's another document here, which is—Jeff, could you hand that over? The mayor had indicated to us this morning that there was no problem around noise sensitivity, but in the documents that we've been provided with by the mayor for my colleagues, there's an exchange of emails and materials that goes from about page 80 to 90. I gave Mr. Feeley a copy of page 81. But you can see that this is an exchange around noise.

Again, Mr. Wilcox, who is the airport manager, says, "We are looking at the areas south and east as noise-sensitive ... no noise concerns north and west" of the airport.

1320

I admit to having no particular knowledge of the Oshawa airport, but contrary to what we were told this morning, there does seem to be a section of—in looking through this really quickly, there does seem to be a section about noise concerns. Do you have any awareness of whether noise continues to be a concern if Oshawa is used?

Mr. Jim Feeley: As in any airport, there's always sensitivity of noise. I don't know of any that don't have some sensitivity to noise. I believe the proposal that was given Ornge exempted us against the curfew and against any noise concerns, I think largely around what I guess would be public service improvement, and that would be seen as acceptable.

Mrs. Liz Sandals: And then, just in case anybody thinks—Jeff, once again, sorry. Just in case anybody thinks that I'm having fits of imagination here about the Peterborough issue—Will, this is a letter that wasn't introduced before, so I've got copies for everybody.

Interjection.

Mrs. Liz Sandals: This is a letter from Mayor Henry. It's dated April 26, 2011, and it's addressed to the regional chair, Roger Anderson, and other mayors in Durham region, and signed by the mayor—Mayor Henry, that is.

In the second paragraph—he's looking for their support in procuring the Ornge base at Oshawa. He states, "Peterborough Municipal Airport is the preferred choice for Ornge at this point; however, Oshawa is still being considered."

The mayor told us this morning he really didn't know much about Peterborough but clearly he's reflecting that he did know it was the preferred choice at one point.

What I guess we're struggling with is that by June 30, two months later, we have Dr. Mazza and Mayor Henry signing this agreement—two months later. We're trying to figure out what changed in that people seemed to agree Peterborough was preferred, yet two months later we have an agreement for Oshawa. Is anything about what happened there reflected in the paperwork? Can you find any paper trail about how it got from Peterborough being preferred to Oshawa being the signed base within a two-month period?

Mr. Jim Feeley: No.

Mrs. Liz Sandals: So there's nothing in the paperwork, in the files you've received—

Mr. Jim Feeley: No. In fact, I'd have nothing to support that Peterborough was preferred. That would be hearsay for me.

Mrs. Liz Sandals: Yes, and as I say, I'm just tabling what the mayor of Oshawa himself was telling his colleagues at the time.

Mr. Jim Feeley: Sure.

Mrs. Liz Sandals: So this isn't me saying it was preferred. This is the mayor himself saying the other people were preferred.

Mr. Jim Feeley: Understood. Not to direct the answer to you, just that this would be—I have nothing to support this comment here.

Mrs. Liz Sandals: So given that you've got—but at any rate, there isn't any paper trail of how the decision-making evolved on this?

Mr. Jim Feeley: The decision-making is all there, yes. There's a complete binder. There's actually a series of questions—or evaluation criteria. There's a scoring matrix and it was scored and the winner was Oshawa. So it's all there. As to whether there were any front-runners—there's nothing to support that either one of them had any kind of precedence—

Mrs. Liz Sandals: And then I guess, maybe, when you look at the situation today—because I take it that this all sort of got put on hold.

Mr. Jim Feeley: Correct.

Mrs. Liz Sandals: And I'm not asking you to pre-empt announcements, but what sort of decision-making and analysis is going on now, then? We've got Hamilton, Oshawa, Toronto; Peterborough, obviously, still has some interest. How is the decision-making process—

Mr. Jim Feeley: There was a pullback, as you said. There was a pullback when there was a change at the board. Moving forward, from the beginning of this year, we're status quo. We looked at the assets that were available and basically white-papered, moving forward, what are the best opportunities for the taxpayers' dollars, in light of what has already been committed to. That review has been done, and it's currently in front of the board or will be in front of the board this week, I believe.

Mrs. Liz Sandals: Okay, so obviously there were acquisitions in here of property and capital, so you're going to have to take those acquisitions into account when you sort it out.

Mr. Jim Feeley: Correct. We'll do the NPVs on each of the assets that are already in commitment.

Mrs. Liz Sandals: We'll obviously all be awaiting where you end up with interest.

Mr. Jim Feeley: Sure.

Mrs. Liz Sandals: I want to talk about how Ornge has evolved, because you've obviously been—as you said, you're now the most accountable executive in terms of the air operations part of it. So it would be interesting to get your observations. Over the past seven months or so, you've had, obviously, a tremendous amount of public scrutiny over Ornge. Every time you turn around, someone's looking over your shoulder.

Mr. Jim Feeley: I would agree.

Mrs. Liz Sandals: It must be a rather difficult situation for the employees. Can you give us a sense of the impact on the good people at Ornge who are trying to deliver the service that they're contracted to deliver? Can you give us a sense of what it's like trying to do your work and having everybody looking over your shoulder?

Mr. Jim Feeley: In fairness, absolutely it has been difficult, and absolutely we've probably suffered from attrition, I'll say, across the ranks in terms of people not certain as to the longevity of the project at large. As far as the professionalism of each of the back office or the support staff, the non-unionized support staff, the AMEs and the pilots, it's completely professional. They've tried and worked hard to divorce themselves from the, I'll say, noise that largely they had no involvement with at all. We were given a mandate to complete tasks, and we've done those tasks, and we just move forward. So the professionalism of the group, as a bunch of professionals, has been above—and to your point, it has been difficult, but we're still doing well.

Mrs. Liz Sandals: So the professionalism is there, and people are working very hard to maintain the professionalism. I'm assuming that it's taking a personal toll on them to some degree, looking at the storm clouds that are always swirling around.

Mr. Jim Feeley: I can only assume, yes.

Mrs. Liz Sandals: Anyway, we thank you. Relay this to your staff, that we appreciate it has been very difficult and we thank them for their continued professionalism.

Mr. Jim Feeley: I will share that. Thanks.

Mrs. Liz Sandals: You've had new leadership at Ornge, obviously, quite dramatically different leaders, in

the last seven months. How have things changed for people who are obviously in senior positions, but also the front-line staff that would be reporting to you? How have things changed with the change in leadership for you?

Mr. Jim Feeley: Probably twofold. Two things have happened. We've had the leadership change within Ornge itself; the board and all the most senior executive staff have changed, so there has been a change and a refocus. I don't know what the best word is to use there, but a refocus on what the objective is. Secondly, a big part of the aviation business is the actual vendor, and we've changed helicopter vendors in the interim. So there have been two large changes, and it's hard for me to differentiate, for a given event or concern, which is which in terms of the change of the employer for many of these employees, as well as the change in the overall governing structure of the company itself. Does that answer your question?

Mrs. Liz Sandals: For the people who changed employers, when did that actually happen?

Mr. Jim Feeley: It was a progression. We began on January 13 for the rotary-wing staff, for both the AMEs and the pilots. We began transitioning away from the legacy supplier into the Ornge operating certificate and aircraft maintenance organization as of January 13, and that progressed right up to March 30, for the last day; April 1 was the expiry of the contract.

1330

Mrs. Liz Sandals: Okay. So you were actually still having employees transitioning to you that have only been at Ornge as the employer for a month or two?

Mr. Jim Feeley: Correct. Since April 1, it would be—definitively since April 1, everybody's been over in our employ.

Mrs. Liz Sandals: So it's quite understandable that you're saying that you're having so many different transitions that it's very, very challenging, then, to be going through all those different things at the same time. Do you have—

The Chair (Mr. Norm Miller): You're on your last minute.

Mrs. Liz Sandals: I was just going to say that, recently, I understand that a Mr. Farr, a Mr. Giguere and a Mr. Howard have been brought in at the executive level. Have you had an opportunity to work with any of these gentlemen?

Mr. Jim Feeley: Each one, yes.

Mrs. Liz Sandals: Good. And have they been positive additions to the organization?

Mr. Jim Feeley: Absolutely positive. To each individual, absolutely—very supportive. It does two things for us: It brings in another level of support for the actual team that is doing the work; and it brings in, I'll say, another opinion on how things can be done or should be done.

Mrs. Liz Sandals: So it brings you a new view—

The Chair (Mr. Norm Miller): Thank you. We'll move to the opposition.

Mrs. Liz Sandals: Okay. Thank you very much.

The Chair (Mr. Norm Miller): Mr. Klees.

Mr. Frank Klees: Mr. Feeley, who has oversight for air in Ontario?

Mr. Jim Feeley: It's federally—there's two in Ontario: it's the Ministry of Natural Resources that's been given the standards governance by the Ministry of Health.

Mr. Frank Klees: Can you tell us, has the MNR audited Ornge recently?

Mr. Jim Feeley: Yes. Twice.

Mr. Frank Klees: And what was the result of that audit report?

Mr. Jim Feeley: We only have an official result from the fixed-wing review that was done some 13 months ago. We have findings from Mr. Wong. We have yet to receive the final results of the rotary-wing review that was just finished some very few months ago. I have preliminary results, mind you, but nothing official.

Mr. Frank Klees: Did you discuss with Mr. Wong the possibility of making that audit public in any context?

Mr. Jim Feeley: I believe, Mr. Klees, that it probably is public. I mean, when he produces it, I can only assume that—I mean, it's his document, but I can only assume that it is. Being that it's in the Ontario public sector, it is public, I can only assume.

Mr. Frank Klees: Did you express any concern to Mr. Wong at any time about him making that audit public?

Mr. Jim Feeley: No. I have no issues with that.

Mr. Frank Klees: It would be helpful if the committee could receive both the draft and the final reports of that audit report.

Mr. Jim Feeley: Of the most recent?

Mr. Frank Klees: Yes.

Mr. Jim Feeley: I'll provide you with anything that he's given me, for sure.

Mr. Frank Klees: Thank you very much.

How many helicopters does Ornge own now?

Mr. Jim Feeley: Twelve AW139s, 11 Sikorsky S-76s.

Mr. Frank Klees: And how many of those helicopters are—can I use the term “activated”—on standby for service?

Mr. Jim Feeley: In-service machines are 10 AW139s and six S-76s.

Mr. Frank Klees: And is that the ideal complement of helicopters on standby for the mandate that Ornge has?

Mr. Jim Feeley: Currently, yes.

Mr. Frank Klees: And how many rotor-craft pilots would it take to fully staff those I guess it's 16 helicopters?

Mr. Jim Feeley: Pilot staffing is not directly related to the number of units that are out there; it's more in terms of the number of bases that we're serving or the flight-line days that we're actually servicing. So it's—

Mr. Frank Klees: So full staffing of all of those bases?

Mr. Jim Feeley: On the rotary-wing side, the ideal number we're shooting for right now is 80.

Mr. Frank Klees: Eighty?

Mr. Jim Feeley: Yes.

Mr. Frank Klees: And how many are on staff now?

Mr. Jim Feeley: Seventy-six.

Mr. Frank Klees: Seventy-six. And when do you expect to be up to full staffing?

Mr. Jim Feeley: End of July.

Mr. Frank Klees: And are those pilots, of that 76, all active, front-line pilots?

Mr. Jim Feeley: Yes.

Mr. Frank Klees: Okay. Are any of those pilots on leave for any reason?

Mr. Jim Feeley: Yes, four of them are on leave, but varying times to return. I can't really tell you when they'll return. I don't have any ones that are kind of on indefinite leave, but just whenever they're ready.

Mr. Frank Klees: We've had reports that a number of pilots have left. How many pilots would have left, say, within the last four months?

Mr. Jim Feeley: I can answer that. When we initially did the transition period from, as I said earlier, January through April, we had 12 who did not transition over or chose to not join us. There was a total of 12 out of the complement of 80 pilots at the time who were working for CHL; 12 chose not to join us.

Mr. Frank Klees: What would the reason be that they chose not to transition—

Mr. Jim Feeley: Again, that would be speculation on my part. I believe—you'd have to verify this—that six of them stayed with the company, the previous vendor, and six chose just not to come with us, and I don't know why.

Mr. Frank Klees: Were you involved in the decision to bring the helicopter operations in-house?

Mr. Jim Feeley: No.

Mr. Frank Klees: You had no input.

Mr. Jim Feeley: That was made before I joined, yes.

Mr. Frank Klees: Who did? Who was kind of the brains trust behind that plan?

Mr. Jim Feeley: I can't answer that. I honestly don't know as to who was the impetus, who was kind of making that decision. I don't know. I mean, I was there—just prior to my arriving, they had agreed to purchase the AWs and the PC-12s. The in-sourcing decision and the desires to do that, I don't know, because it was just too far in front of my arrival.

Mr. Frank Klees: We've had testimony here from former employees of Ornge. I speak of Mr. Tom Rothfels, for one, who has some extensive experience in aviation.

Mr. Jim Feeley: Yes.

Mr. Frank Klees: He was very forthright with this committee in saying that he felt it was a huge mistake. He felt, based on his observations, that the Ornge operation just simply did not have the core competency to do both—to manage an aviation business that, as he put it, is very complex. The dimension of maintenance as well as overseeing the ownership and then the staffing and all that goes with the aviation sector—he felt that this was not a wise decision. His recommendation, as a matter of fact, to this committee was that on a go-forward basis

what should be very seriously considered is that the aviation part of Ornge's operation be divested. He recognizes the fact that the purchase has now been made, and how do you deal with the hardware? His suggestion was that one option was to lease back to an aviation company that has the depth of experience and essentially revert to the former standing-offer-agreement type of relationship with an aviation company.

We're very desperate to find a solution here. It's not about simply talking about who made all of the wrong decisions.

Mr. Jim Feeley: Sure.

Mr. Frank Klees: In terms of going forward, it's essential for us to hear from people like yourself who are willing to look at this factually and objectively and say, "Look, if in fact a decision was made that was wrong, rather than continue to go down this road and force something that may cause even further problems, should we be looking at this as an alternative?" I'd be interested in your opinion.

Mr. Jim Feeley: Okay. Differentiating from the decision that's been—I mean, I think that's where you're at. The decision has been made. I do and I can support Mr. Rothfels's comments in that there would be a desire or a need, other than I understand maybe where he's coming from in terms of it's a potential. We should look at that in terms of—to be fair, we have to look at overall what's best for the taxpayers' dollars in terms of not only costs but all elements of the business. Can Ornge operate or is Ornge operating as a viable airline? I'll support yes. That's kind of where I'm at, and I'm willing to defend that. We can talk about this some more, but I'm more than happy to say that the airline is functioning well. Really, I don't see, at this point, the advantage in reverting. I'd be quite interested in hearing (a) what we're doing that's substandard currently or (b) what the advantage would be in going to any other supplier.

1340

Mr. Frank Klees: I guess nobody will know under the current structure. First of all, the decision to bring the aviation business in-house was made unilaterally; there was no public tendering of that service. We don't know, quite frankly, whether or not we're getting the highest efficiency and whether we're getting the bang for the buck.

So I think at the very least, we would owe it to the taxpayers to say, given where we are, "Yes, a decision has been made, but it's not irreversible," rather than continuing to go forward with what may be a faulty business plan conceived by one Dr. Christopher Mazza, who, as we look at the trail that he's left us, isn't exactly giving us a great deal of confidence that his plan was the best one. Some of us think that it may well be an appropriate thing to do, given where we are, to say, "Let's look at that option. Let's put it out to an open, public, transparent tender process and see what the results of that would be." What harm would there be in at least taking that step?

Mr. Jim Feeley: I guess we'd have to look at the merits of insourcing versus outsourcing first. I think there needs to be some evaluation of just the different models.

I mean, I've come from an environment where we—my previous 20 years with the Prime Minister's Office, machines federally, with the Coast Guard. In any airline, there's constant discussion as to what's the best model, in any aspect of the business. It can be entirely, the whole business, or it can be portions of the business. You constantly make that decision whether insourcing is the most—from a safety perspective, from the responsiveness to change, to labour relations, to the actual cost, bottom-line dollar. So there are several considerations in that business decision, and I'm sure I've left some out. I mean, there's lots of elements to it.

I think it's a leap to say outsourcing is the solution. I think it needs to be studied or maybe some discussion given around what the right model would be in the first place, and then, if that decision would be to consider outsourcing, you have to look at the cost to do that versus the insourcing.

Mr. Frank Klees: Mr. McKerlie, shortly after he took over at Ornge, made reference to a cost review that he said showed that Ornge could provide the services for less than Canadian Helicopters, for example. Have you seen that cost review?

Mr. Jim Feeley: We have our budget finalized now, yes, and I can confirm that we are not spending any more money this year than we spent last year. That's a zero-dollar difference over the CHL.

Mr. Frank Klees: Mr. McKerlie made reference to a specific cost review. Do you know what he was referring to when he said that?

Mr. Jim Feeley: I can't say, and I don't know in what context he would say that, Mr. Klees. I'm a little bit—in a position here a bit. If he was saying empirically that he was going to do a cost review, I haven't been involved in that cost review. We would have had to have completed some comparators, and I don't recall the comparators being done.

Mr. Frank Klees: And I would expect that that would have been done, and so he's referring to this cost review as historical. What I would ask you to do is to present to this committee, if you would undertake to do that, that document, that cost review that was undertaken by Ornge. It would be very interesting to see that.

You mentioned the budget. There's a copy of a budget document in front of you that purports to be a balanced budget for this year. Can you tell me, since this budget document was prepared, are we on track still for a balanced budget at Ornge based on no increase in funding from the Ministry of Health?

Mr. Jim Feeley: Yes.

Mr. Frank Klees: And that's based on the most recent quarter?

Mr. Jim Feeley: I don't know if there's actually a date of execution on this, but this is fairly fresh. So it's probably a little unfair of you and I to agree that we're on budget. I mean, it's early in the fiscal year. Having been involved in a big part of it, yes, I'm on budget. I have no concerns at this point.

Mr. Frank Klees: I don't want to get too technical here, but I'd like you to help me with something because I'm sure, with your aviation responsibilities, you would have had input into this budget, and specifically with regard to the maintenance cost. My understanding is that when maintenance costs are budgeted, you also budget for residual costs. In other words you anticipate, with regard to the AW139s, that these are new machines and that while you may not be incurring the specific maintenance costs this year, there is a requirement and an understanding within the aviation industry that you apportion for each unit a certain number of maintenance hours and costs, rather. Can you tell me what has been allocated as residual maintenance costs under this budget?

Mr. Jim Feeley: In this budget, nothing. I'll explain: We're still under warranty for another 18 months in these aircraft. So within this budget influence there is no—the AW is fully under warranty on all levels, basically: on the avionics suite, on the engines and on the airframe. So—

Mr. Frank Klees: My understanding—

Mr. Jim Feeley: —if I may?

Mr. Frank Klees: Yes.

Mr. Jim Feeley: We totally understand and recognize your point in that we are concerned about how we do allocate funds going forward into the anticipated non-warranty period. There are a couple of options we are exploring in how we're going to manage that, but in this budget we chose to purposely ignore it for now because one of the considerations is, does Ornge have the ability, under the broader sector guidelines, to allocate funds to carry year over year. Because this is the concern; this is what we'd like to do, be able to do that. We don't know what mechanism there is—if any—in place to do that. So it's something we're exploring.

Mr. Frank Klees: Mr. Feeley, I ask that question because I noticed that intentional entry, which amounts to millions of dollars.

Mr. Jim Feeley: Yes.

Mr. Frank Klees: This is not a balanced budget. I have serious concerns that the same approach to budgeting is being taken by the new management as we had under the old management. This is not accepted accounting principles. Anyone who understands the aviation industry sees through this budget. I have serious concerns. I was hoping, in response to Ms. Sandals's question, that we would in fact have a new day here. We have new executives, we have new people at the helm, and now we're fed this document that tells us we're on track for a balanced budget and millions of dollars are left unaccounted for. How do you explain that, or how can you justify that?

Mr. Jim Feeley: If I may, it's a pretty strong accusation you've made there, and I don't know that it's—I've explained to you what was the decision to do this year. And I have to say that this wasn't made unilaterally on my part or on anybody's part in particular. We were required to balance the budget for this year and we did, recognizing, to your point, the risk going forward.

Now, there are lots of options in how we manage that going forward.

Mr. Frank Klees: Mr. Feeley, you know, I have such serious concerns about that. Yes, you're right, at some point, someone is going to have to pay the piper. But wouldn't it be appropriate, under the circumstances that we're in now—we have an auditor's report who has already told us that in preparing his report numbers were fudged. We had an admission from the senior vice-president that he was fudging the numbers regarding the number of patients—

1350

Mr. David Zimmer: Just a second. Point of order, Chair: We are starting to tread the line on matters that perhaps the OPP and others may be looking at, when we start framing questions in terms of fraud and that sort of—

Interjection.

The Chair (Mr. Norm Miller): Continue.

Mr. Frank Klees: Chair, Mr. Zimmer should just take a look at this document where the senior vice-president admitted, in writing, that he was directed to fudge the numbers for the number of patients that they were carrying. Now we have Mr. Feeley telling our committee that they intentionally left out millions of dollars of costs that should have been entered into this budget, so that we have a budget, a balanced budget.

Mr. David Zimmer: He didn't say that.

The Chair (Mr. Norm Miller): Let Mr. Feeley answer, please.

Mr. Jim Feeley: I can't permit you to leave that on the record in that context. There was nothing fudged. There was nothing altered or padded—or use whatever term we want to use. We consciously, totally get what you're saying—

Mr. Frank Klees: Okay.

Mr. Jim Feeley: —and we're going to manage that going forward. That's what the—

Mr. Frank Klees: But it was a conscious decision not to include those costs.

Mr. Jim Feeley: To balance the budget this year—we had to balance the budget, so, yes, we balanced the budget. I don't believe that anybody, myself included—we will work this out going forward, but without any—

Mr. Frank Klees: Chair, how much time do I have left?

The Chair (Mr. Norm Miller): You have nine minutes.

Mr. Frank Klees: Mr. Feeley, I'd like to focus on the medical interiors.

Mr. Jim Feeley: Sure.

Mr. Frank Klees: Mr. Farquhar, when he was here, testified that you had responsibility for the medical interiors from an aviation perspective. Is that correct?

Mr. Jim Feeley: I will take responsibility for that, yes.

Mr. Frank Klees: He told us that you went to Switzerland to help oversee the designing of the interiors. You were on that trip.

Mr. Jim Feeley: Yes, I was.

Mr. Frank Klees: On that trip, what exactly was your role?

Mr. Jim Feeley: Technical compliance, basically. My objective was to ensure that any of the safety equipment, egress issues, weight and balance in terms of the medical community or the medical group that we were—and airworthiness compliance. Secondly, I was there to—once they agreed on a build, then I was there and understood the build, and as they went into the actual production side of it, that we could comply with what the intent was.

Mr. Frank Klees: All right. So you signed off on the design and it went into the build mode. What went wrong? Because once it got back here, we heard that there were then complaints from paramedics. They could not—apart from storage issues for medications and so on and other things, they couldn't even conduct CPR properly. We have this report that enumerates many, many cases, and I'm sure you've seen this report, where paramedics insisted on not accepting a patient on board. They were then transferred by land ambulance and so on and so forth. Many things went wrong. What happened?

Mr. Jim Feeley: Mr. Klees, honestly, from a technical compliance perspective, my job in going there—and actually, to the point that when I saw the process, I thought it was, from my perspective on the technical side, well done. At the end of the day, we delivered a good product, on time, on budget. So as to what went wrong on the medical, clinical side, I don't know what the oversight was. I'm sure Mr. Lepine and Mr. Farquhar probably addressed those questions.

Mr. Frank Klees: Mr. Farquhar testified that after determining that there were problems, you helped him work out an exemption with Transport Canada and that that took about a year. In the meantime, there was full knowledge that there were problems. Where do we stand now on that? Are we in that position here—

Mr. Jim Feeley: Just to clarify, it didn't take a year to get the exemption. It took some time, admittedly, because it did happen at the same time that the larger story broke, and it did cause Transport Canada to be extra diligent, so that did add to their process, and fair enough.

We had received it in February. That exemption is good until February of this coming—several months from now. There's a phased-in approach to this in that we recognize that a full refit or generation 2 of the interior will take longer than what's remaining in the year exemption, so—

Mr. Frank Klees: What's the implication, now, to patient care, of those faulty interiors while we're trying to find out and wait for—

Mr. Jim Feeley: I believe that the medical advisory committee—Dr. Sawadsky, is quite happy with the interior in this exemption phase, and I believe the interim solution—I think that's the language we're using internally—is quite satisfactory as well. In fact, I think the interim solution will be somewhat—not to get ahead of the process, but the interim solution is somewhat where they're heading on the final solution.

Mr. Frank Klees: The family of a patient who died as a result of a stretcher jamming in that interior would probably not consider it a very adequate solution. Would you agree? You're familiar with what I'm referring to, the incident on May 17 of this year, where a patient could not be extricated from the helicopter because of the stretcher jamming. What we have now is a situation where, because of those faulty interiors, we have patients dying—certainly at risk.

Mr. David Zimmer: That's not fair. The coroner is looking into that. There's no decision—

The Chair (Mr. Norm Miller): Continue.

Mr. David Zimmer: Chair, there's got to be some fundamental fairness in these questions. You can't put those kind of hypotheticals to a witness like that and ask—

Mr. Frank Klees: Mr. Zimmer, it's not a hypothetical issue at all. Look at your report. If you get up early enough to read it, you'd know that it's right in the report.

Interjection.

The Chair (Mr. Norm Miller): If we can limit the discussion—

Mr. Frank Klees: I'm telling you, I don't know what you do with your time, but you come in here and you haven't read the basic reports.

The Chair (Mr. Norm Miller): Mr. Klees.

Mr. David Zimmer: You don't need to get ugly.

Mr. Frank Klees: Come on. It's not ugly; it's just factual. My point is simply this—

Mr. David Zimmer: Don't get ugly, Frank. Don't get ugly.

Mr. Frank Klees: My point is simply this: We have a situation in this province today where we have helicopters that are not adequate to meet the needs of patients. Where I was going, Mr. Feeley, with this question, is very simply this: How long will it take to resolve this issue, and at what cost? We've paid about \$6 million now for those customized interiors. How long do we wait? How much more will it cost us to get it right?

Mr. Jim Feeley: Okay, we've made several comments here, so I'm going to try to get through this. I think that the configuration where that—if I can cite your example that you've said there about the patient, that outcome is really very little, if any, result of the medical interior. It was in a transverse position. It was a loading-unloading scenario, so the configuration in terms of the troubles with the CPR and the high Fowler's in that configuration, that stretcher jamming was resultant of just that. It was a mechanical failure or a mechanical breach of the system. I'll argue that—

Mr. Frank Klees: Is that acceptable?

Mr. Jim Feeley: Well, any system that we have out there, whether it's an air ambulance or whether it's a land ambulance or any mechanical device—is it acceptable? Absolutely not, in terms that we do everything in our power to prevent these things from happening, but we have to recognize the business that we're in, in terms that we're dealing with pieces of equipment that may let us down at times. Is that a design flaw? And that's where

I'm going with this: Was it a design flaw, that particular event? I'll argue, no. In fact, we've, as we always do—and I'll go back to one of the comments I made earlier. The internalization of the aviation side of the business, we can react to and observe and study these things first-hand. We don't have to work through a vendor, which seems to help us in terms of our results. So we've investigated that particular incident already and we've come up with what we think is the most probable, repeatable cause of that, and we've put changes in place already.

Let's go back to your question earlier. I think it does aid us in that there's no intermediary there, so we have put a change in place. Was it a design flaw? I'll say if the fix we have actually works for us—and that's yet to be seen; we've only had it in place for a couple of weeks now. We haven't had a repeat since we've made that change, so I'll argue that it was something that we've fixed. Again, it's a piece of a mechanical thing, so we need to work through these discoveries and rectifications.

The Chair (Mr. Norm Miller): You have a minute left, one minute.

Mr. Frank Klees: Just how long and at what cost—your best estimate—to get those medical interiors right?

Mr. Jim Feeley: The RFPs for the interim and the final, Mr. Klees, are just going out, I believe, and I think are in circulation. The desire is to expedite this and get them out. I'd be hard-pressed to give you a dollar value because we haven't received any return quotes on, actually, this—time-wise, I can talk about time, what the desired time is, but the cost I can't really comment on because we just don't have any feedback from the suppliers.

1400

Mr. Frank Klees: And what is the time?

Mr. Jim Feeley: Recognizing build lead times to whatever the chosen supplier is for the interim—we recognize that February is an absolute—Transport Canada has told us they will not renew this exemption, which is fair. So we have till then to get at least an interim solution in place.

In the meantime, in parallel to that process, we're working towards the final solution as well. So not to let one piggyback on the other, we are working in parallel. The interim solution will be in place within—again, it's contingent on the builders because that seems to be the long lead, the build time on this equipment. It would be a matter of a very few months into this fall, I would say, long before the exemption has expired. And then—

Mr. Frank Klees: Have any of those costs been built into the budget?

Mr. Jim Feeley: It is in the budget, yes.

Mr. Frank Klees: How much have you allocated?

The Chair (Mr. Norm Miller): We're out of time.

Mr. Frank Klees: If we could just let him finish.

The Chair (Mr. Norm Miller): Perhaps the NDP will follow up on that question. Go ahead.

M^{me} France Gélinas: Sure. If you have the number or if you know where it is—how much have you allocated?

Mr. Jim Feeley: Do you mind if I look?

M^{me} France Gélinas: Not at all.

Mr. Jim Feeley: I don't want to make a number up that somebody will come back—

M^{me} France Gélinas: No, no. Go ahead.

Mr. Jim Feeley: So if you want to go ahead, I can just—while I'm looking here. This is in the operational budget and, actually, the other budget is the capital budget, and that's where the money is actually sitting for the allocation. Not to make numbers up, it's a million dollars, something like that.

Mr. Frank Klees: Perhaps Mr. Feeley could get that—

Mr. Jim Feeley: It's probably best if I followed up. That's a better approach.

M^{me} France Gélinas: Very good. I'm pleased to meet you, and thank you for coming to Queen's Park.

You've been with Ornge for a number of years.

Mr. Jim Feeley: Yes.

M^{me} France Gélinas: Can you tell me where you started and how you moved through the ranks and how your responsibilities changed over that period of time?

Mr. Jim Feeley: Just with Ornge?

M^{me} France Gélinas: Correct.

Mr. Jim Feeley: Yes. At the very beginning of the desire to in-source the fixed-wing and ultimately the rotary-wing operation, I was brought in to basically get the aviation corporation or the air operating certificate and ultimately the AMO certificate approved. I was brought in as one of the early members of the team on the technical op side to actually get the Transport Canada approvals. First of all, it was the air operating certificate for the fixed-wing or, better put, the PC-12s.

M^{me} France Gélinas: And that was what year?

Mr. Jim Feeley: That was 2008 that began.

M^{me} France Gélinas: Okay, in 2008.

Mr. Jim Feeley: Yes.

M^{me} France Gélinas: And you became VP—

Mr. Jim Feeley: Two years later, thereabouts.

M^{me} France Gélinas: What was your relationship to Rick Potter?

Mr. Jim Feeley: Throughout, up until just recently, Rick was always my—at the time he was—don't hold me to this. I believe he was the VP of aviation in the early days, and at some point he moved up to the COO of aviation. Don't hold me to when that happened, but somewhere in there. And then, Rick's workload became such that they wanted to have a VP of aviation, so I competed for that position and won it.

M^{me} France Gélinas: So would you report to Mr. Potter?

Mr. Jim Feeley: Throughout, yes.

M^{me} France Gélinas: Throughout?

Mr. Jim Feeley: Yes.

M^{me} France Gélinas: Okay. Is Mr. Potter still at Ornge in any capacity?

Mr. Jim Feeley: Not that I'm aware of.

M^{me} France Gélinas: When was his last day? When did he leave?

Mr. Jim Feeley: That was between him and the CEO, the interim CEO. I'll say March some time, but I honestly don't know.

M^{me} France Gélinas: But he's not there anymore?

Mr. Jim Feeley: No, he's not.

M^{me} France Gélinas: Okay. How does your role differ since Mr. Potter is not there anymore?

Mr. Jim Feeley: It doesn't. I was responsible, under Mr. Potter's term towards the last—I was VP of aviation responsible for basically what I am now. Rick, with the company the way it was structured in the last year or so, with the divestment of their interests—he was divested around, and I was responsible for basically the air carrier and the AMO side. Once that part of the business fell away, it just fell back to the core business, and that's what I'm responsible for.

M^{me} France Gélinas: So for the last two years, you've held the position and the title of VP of aviation.

Mr. Jim Feeley: Correct.

M^{me} France Gélinas: And basically your responsibilities have changed in the sense that you brought fixed-wing and then you brought rotary-wing in-house to become an aviation provider?

Mr. Jim Feeley: Yes.

M^{me} France Gélinas: And this has all fallen under your responsibility?

Mr. Jim Feeley: Yes.

M^{me} France Gélinas: Okay. And at the time, you said, the position was open and you applied for it? Is that it?

Mr. Jim Feeley: I want to back up a little bit, if I may.

M^{me} France Gélinas: Sure.

Mr. Jim Feeley: The accountable executive throughout that process, through the air operating certificate approvals, was Rick Potter. So there is an accountable executive position that Rick held, which is an overall governance that the corporation must assign, and Rick Potter was assigned that governance. Throughout, though, I was at the working end of the process, if I can say that.

M^{me} France Gélinas: Okay.

Coming back to the interior design of the new AW139, when Mr. Potter was here, he really distanced himself from this. He said that he wanted the operation to look at this; he wanted the people on the front line to make those kinds of decisions. And he basically pointed at you, as in that you were the one responsible for that task. You kind of agree to it today, that, "Sure, I'll take responsibility for that."

At the end of the day, given that we have to go to an interim design in what you call, I think, a final interior, is there anything we've learned? How did we end up needing an interim design and a second-generation design so soon after having gotten them in the first place?

Mr. Jim Feeley: Well, I'll be repeating, I think, what people have already said, but I'll input it. Clearly, some of the medical/clinical issues were—I'm probably wrong in saying they were overlooked, but wrongly analyzed in what was needed. Ultimately the service delivery is the

objective, so if it's short in that regard, then we have to fix it. That's all I can say, I guess.

As I said earlier to Mr. Klees, that wasn't my purview, really. I was there to serve a function which we, in aviation, did largely well. It's unfortunate that on the clinical side it didn't work out.

M^{me} France Gélinas: Okay. So if you are distancing yourself from this decision, like many other people before you have, who was responsible to make sure that the clinical side worked?

Mr. Jim Feeley: Clearly, it was Tom Lepine. He was the CEO of that side of the—I mean, I'll have to share it a little bit. The clinical side of the company as well—the medical side of it as well as the paramedic side of it were the two teams there that were responsible for that.

M^{me} France Gélinas: So when you look back and you say, "Somebody should have caught that," in your mind, that somebody is Tom Lepine and the two paramedics that were on the team?

Mr. Jim Feeley: You're asking my opinion at this point.

M^{me} France Gélinas: Yes, absolutely. That's all I'm asking. We're not going to—

Mr. Jim Feeley: Sure. In the team that were basically assigned to do this, they would have been the best to make sure that that was not overlooked. So I'd have to say yes.

M^{me} France Gélinas: Okay. So when you talk about the clinical side, that was really the two paramedics: the one from Sudbury and the one—those were the clinical side that were assigned to your team? Was it your team or—

Mr. Jim Feeley: In watching the process, I think it was the medical side that would determine what procedures were going to be permitted within this vehicle. They provided the scenarios, effectively, and the paramedical team were provided with or actually exercised the ability to do it. So there were really two sides of it, if you understand where I'm going with that.

M^{me} France Gélinas: Okay. So the clinical side would have been physicians that said, "You have to be able to do CPR. You have to be able to do intubation. You have to be able to start an IV. You have to be able to do this, this and that." Then the two paramedics would kind of try it out in the interior design that they were developing?

1410

Mr. Jim Feeley: That's kind of how it went, yes. That's actually how it went.

M^{me} France Gélinas: All right. And at the end of the day, Mr. Lepine was the one who made sure that the service side and the aviation and all of this was brought together to all work. The weight and balance would work, the clinical needs were met—

Mr. Jim Feeley: Yes, he was the executive sponsor for the project.

M^{me} France Gélinas: Did you ever ask for the expertise or the opinion of people within government? You've mentioned that certainly there is quite a bit of

expertise that lies with MNR with design and that kind of stuff. Were they ever brought in or asked or consulted?

Mr. Jim Feeley: Under the terms of what we've just been talking about, I don't know—I mean, anybody from Transport Canada or MNR, or you're talking about the Ministry of Health? Is that what you're—or just MNR?

M^{me} France Gélinas: Both MNR and health.

Mr. Jim Feeley: From a technical perspective, we can talk about many faults, and Mr. Klees did talk about some faults there, or what were perceived to be faults. From a technical side, the areas that I was in—and we did. Transport Canada approved or at least accepted the approval of this interior. But I argue I don't think that's really what's in question here. I don't think the technical aspect of the interior has really been in question to any great length or great extent.

M^{me} France Gélinas: Okay. As you were going through the process of purchasing those helicopters, did you know if the ministry was interested in following this process? Did they ask questions as to where you were at and what was being done and who was doing it?

Mr. Jim Feeley: The Ministry of—

M^{me} France Gélinas: Health.

Mr. Jim Feeley: No, I'm not aware. I just wasn't in the communication on that side of it.

M^{me} France Gélinas: No. Have you ever communicated with anybody, let's say, in government in general? Do you have any contacts within government to help you do your work?

Mr. Jim Feeley: Federally?

M^{me} France Gélinas: No, provincially.

Mr. Jim Feeley: Provincially. Sorry, I have to be careful, because I'm dealing with—with the MNR, which is our provincial governance, and Transport Canada, certainly. They were well aware of the technical modifications we were doing to the aircraft, so we had constant communication. As far as the clinical side, the Ministry of Health side, no. I had no contact. I didn't know whether they were involved or to what extent they were involved.

M^{me} France Gélinas: Okay, so it was clearly on the aviation side. You do have a relationship with the people at MNR who are in charge of aviation, but you didn't go to the health side, which was not your area of responsibility.

Mr. Jim Feeley: Correct.

M^{me} France Gélinas: Okay. Do you want to go?

Mr. Jagmeet Singh: Did you ever work personally with Mr. Mazza?

Mr. Jim Feeley: No.

Mr. Jagmeet Singh: Were you aware at any point in time of his salary or any discussions about that?

Mr. Jim Feeley: No.

Mr. Jagmeet Singh: Were you aware of anyone's salary, any other executive's salary?

Mr. Jim Feeley: No.

Mr. Jagmeet Singh: You've heard the concerns that were raised. I assume that you've been following some of the findings of this committee. In your mind, if you could

say as an opinion, what was the key problem at Ornge and how can you address that?

Mr. Jim Feeley: The key problem was probably two principles in terms of—there has been a fair amount of discussion around the medical interiors, which is probably the most important to everybody in terms of providing safe transport for the patients. In terms of getting that right, we're working hard towards that. As to what happened, we've talked about it a little bit. We have to make sure that, going forward, it is absolutely correct.

In terms of what Dr. Mazza or the senior executive team were up to in terms of that larger part of the business—which has been well documented—I don't know. I have no comment, really, as to what went wrong there, what their ambitions were ultimately. It's all, to me, what has come up in this committee and what's in the paper. Until the OPP investigation—it's all hearsay at this point, so I just don't have any comment.

Mr. Jagmeet Singh: That's fine. In terms of your involvement, did you have any involvement or any knowledge of any of the for-profit side companies?

Mr. Jim Feeley: Probably an awareness, but I had no involvement.

Mr. Jagmeet Singh: Okay. You've already answered this, but just to clarify, in terms of your interaction, you didn't have any interaction with any ministry officials on a regular basis in terms of oversight or providing any feedback of what was going on?

Mr. Jim Feeley: The only involvement I've had—and more so lately, to be honest with you—is on the investigative side. We do have an investigation branch. We worked closely with Rick Brady on the exemption approval. He was actually involved in that. More so lately it's been escalating, but really, as far as the day-to-day reporting to the ministry itself, to Malcolm Bates's office, no, but only on the investigation side we do get involved more and more now.

Mr. Jagmeet Singh: And just on the day-to-day side, you weren't involved directly. Were you aware of it going on while you were at Ornge before—you've taken over this role as VP of aviation, but before, when the scandal, if you can call it that, was in full effect, at that stage were you aware of any regular meetings with the ministry and did you hear about that as you were working there?

Mr. Jim Feeley: No. It just wasn't in my scope; sorry.

M^{me} France Gélinas: You never saw ministry people come to Ornge to look at what you guys were doing?

Mr. Jim Feeley: I wouldn't recognize them anyway, but I probably know some people now, just because of their public—I've seen the faces—but at the time, no, I wouldn't even have known who they were.

M^{me} France Gélinas: So we find out that Mr. Mazza was interested in offering the type of expertise that had been developed at Ornge, to be able to offer air ambulance and offer those services abroad to other countries that may not have the type of medical and aviation skills that were here. Did you know about that?

Mr. Jim Feeley: Certainly. There was a fair amount of discussion; in fact, there was a whole group of people who were working towards the marketing of that business design. They were in the building. I knew largely what they were doing, but in no great detail at all.

M^{me} France Gélinas: So who would have handled the aviation side? I mean, to fly to the States or to fly outside of Canadian airspace, somebody has to know what they're doing. Wouldn't that have been you?

Mr. Jim Feeley: I suppose, ultimately. I don't know if they had gotten to that point. I think they were still trying to market the concept. Again, I don't know that they had actually gotten into the—I mean, there was different discussions, just in passing, as to whether—to go back to an earlier discussion—in-sourcing it or outsourcing it was the right decision, and I don't know how far they had gone on that. So no, we hadn't. Would we have been involved at some point? I suppose, but I think they were still on the conceptual idea of that.

M^{me} France Gélinas: So if you look at where you were, let's say, a year ago today, compared to where you are now, you now have a new board of directors; you now have a new CEO; Rick Potter is gone; Maria Renzella, a number of people who used to be there, who you used to work with, who used to be your colleagues, they're all gone. Is the new leadership, the new CEO and executive, making things better, the same, worse?

Mr. Jim Feeley: Better; no doubt.

M^{me} France Gélinas: Okay, and what makes you say that?

Mr. Jim Feeley: I guess, simply put, it's a focus. We've got a clearer focus on what we're trying to achieve here, and I think now that they're working very closely with the Ministry of Health, there's a focus all around—not only at Ornge, but also at the ministry. It seems that we've got a service to deliver, and what do we need to do to provide that service the best way possible?

M^{me} France Gélinas: Do you see now—are you in contact with people at the ministry?

Mr. Jim Feeley: Not directly, but there is a morning report that goes over to them, and they do get that in terms of what—there's a very repeatable dialogue going back and forth between the ministry and us. I'm involved in providing that information to a communication officer who provides it over to the ministry, and there's dialogue there.

M^{me} France Gélinas: So what kind of events are you supposed to report back to communications for the daily briefing of the ministry?

Mr. Jim Feeley: Basically any service impact is largely what we're trying to do, at this point. It all stems back to the amended performance agreement, and then there are clear definitions around what's reportable to the ministry, as much as possible. I know they've been given a period of time to put it in place, but I think we're working hard to try to get that dialogue going immediately.

1420

M^{me} France Gélinas: Do you figure that in a year from now you'll still be doing daily reports or—

Mr. Jim Feeley: It's our desire that we can automate that, that it doesn't become so manual. But yes, I think it will be—I mean, it's entirely up to the Ministry of Health in terms of what level of oversight or scrutiny they want to offer upon us. Certainly, I think, as we show our ability to do it, they're going to probably amend their processes accordingly.

M^{me} France Gélinas: One last one: You know that Ornge owns 12 helicopters, although there are only 10 of the AW139s that are in service right now. Do you have any opinion as to what we do with the two spare ones?

Mr. Jim Feeley: The two that are in Coatesville, Pennsylvania, are up for sale. I think my objective or my direction has been given that we will try, recognizing that it is taxpayers' dollars, to buy them or ultimately we'll buy them through the bond payments. We need to get at least what's invested in them back out, so that's kind of the direction that we're trying to achieve here.

That marketing process is under way and as soon as we hit that threshold where we get fair value for them and what's been invested in them, we will dual-surplus them to retrieve the funds.

Mr. Jagmeet Singh: I want to take you through just kind of a brief overview of before and after. You went through and you described some of the type of rotary-wing aircraft that we have. You cited some numbers. What I want to do is go through—in terms of bases, currently, how many bases do we have up on the aviation side in terms of their staffing? And if you can talk about some of the previous bases that we had and just do a little bit of a comparison. I can walk you through with more specificity—

Mr. Jim Feeley: Certainly.

Mr. Jagmeet Singh: So right now, how many bases in Ontario?

Mr. Jim Feeley: Bases of operation is a little misleading. We have two bases that have duplicity. We have Thunder Bay and Toronto, which are both—Toronto has two helicopters that operate—or two line helicopters that operate out of that base, and Thunder Bay actually has three, where we have two fixed-wing assets and one rotary-wing asset.

Mr. Jagmeet Singh: So out of Toronto we have two.

Mr. Jim Feeley: Yes.

Mr. Jagmeet Singh: And out of Thunder Bay we have three.

Mr. Jim Feeley: Correct. From an aviation perspective, we actually have three, yes.

Mr. Jagmeet Singh: Okay. And in the rest of Ontario—

Mr. Jim Feeley: Single aircraft in Sioux Lookout, Kenora, Timmins, Sudbury, London, Ottawa, Toronto and—I think I've got everybody; Moosonee, sorry.

Mr. Jagmeet Singh: Okay. And now at those bases where there's a single craft—

Mr. Jim Feeley: Yes, single-line support.

Mr. Jagmeet Singh: Single line of support.

Mr. Jim Feeley: Often, at those bases now, we have a redundancy of aircraft, but as far as crewing support, it's single-line.

Mr. Jagmeet Singh: Actually, would you be able to say which areas have two craft and which areas have more than two?

Mr. Jim Feeley: Toronto has two AW139s currently operating, with spares to support those two. We have two medical lines in Thunder Bay, with three assets.

Mr. Jagmeet Singh: And the other ones are all single, there's only one—

Mr. Jim Feeley: Everybody else is single, yes.

Mr. Jagmeet Singh: Okay.

Mr. Jim Feeley: Single-line support.

Mr. Jagmeet Singh: Single line of support: Does that mean one aircraft or does it mean multiple aircraft?

Mr. Jim Feeley: No—I'll say all locations have at least two aircraft now.

Mr. Jagmeet Singh: Okay, perfect.

Now, before this shift towards internalizing the aviation, how many bases were outsourced? Are you aware of that?

Mr. Jim Feeley: No change.

Mr. Jagmeet Singh: No change?

Mr. Jim Feeley: No change.

Mr. Jagmeet Singh: So there weren't any additional bases that were being outsourced?

Mr. Jim Feeley: No. When we did the Ornge Global Air—that's the fixed-wing operation—we displaced the outsource vendor in Sioux Lookout, Timmins and Thunder Bay. We just replaced it.

Mr. Jagmeet Singh: Okay. What I was leading you to is just to look objectively—if you could assess objectively the difference between outsourcing, which was the previous model, and the internalization, if there was a significant difference in terms of the amount of bases that were in operation or the amount of aircraft that were available at any given time.

Mr. Jim Feeley: Say that first part again. The aircraft that were available?

Mr. Jagmeet Singh: Right, aircraft that were available for any particular—at any given time, how many aircraft were available for Ornge or air ambulance services, to provide those services?

Mr. Jim Feeley: The service delivery to the Ministry of Health has not changed. The only thing that has changed is, Ornge Air, in the in-source model, does provide one more line item in Thunder Bay. At one time, by contract there was one aircraft required by the vendor in Thunder Bay, and currently we supply two on the fixed-wing side. Other than that, there's no change.

M^{me} France Gélinas: Coming back to the interior design, now that we are faced with a second generation of design, if you had to do this all over, if you're putting a team together, you're on a flight to Switzerland to decide—it was Switzerland, right?

Mr. Jim Feeley: Yes.

M^{me} France Gélinas: What would you do differently?

Mr. Jim Feeley: Clearly, in hindsight, which is what we're doing today—but to lessons learned from that process, if that's your question, yes, the mock-up has to happen, or the full trial has to happen. That has to be coupled with a complete review of the mission profiles. That's one of the things that we all collectively need to ensure: that there isn't any confusion around what the actual mission profile needs to be. The CPR is the one everybody refers to. There was work done on the CPR in the mock-up twice in Switzerland. This time around, the intention is to try that around the different locations to make sure that in every possible geographical location, if there are any subtleties or differences in the way that the business is done at any location—in the case of CPR, that's probably not the case. Whether one location has a need to do a certain procedure which maybe another location doesn't do very often: They're just going to try that around the province to make sure that there are no gaps in the clinical side of the business.

M^{me} France Gélinas: From what we've heard and from what you've said this afternoon, CPR was tried in the design when you were in Switzerland, yet once it got here it didn't work anymore. What was the difference between what was tried and what we're doing now?

Mr. Jim Feeley: From my perspective, the technical side, nothing.

M^{me} France Gélinas: Nothing is different?

Mr. Jim Feeley: No.

M^{me} France Gélinas: Okay, but it worked when we were in Switzerland and it didn't work when we were here.

Mr. Jim Feeley: I can't comment on that as to what happened there clinically; I don't know. But from a technical perspective, it's to the millimetre from the mock-up.

M^{me} France Gélinas: So it was basically missed as an honest mistake because the differences were so small?

Mr. Jim Feeley: I can't comment; sorry. I'm not trying to dodge your question at all, but it would be purely speculation on my part as to what changed there.

Mr. Jagmeet Singh: Perhaps you could just speculate, then, if you were asked—

Mr. Jim Feeley: I can't comment. I just don't know what to tell you to answer the question. I witnessed the activity. As to why it's not working today, I can't comment.

M^{me} France Gélinas: But you agree that it's not working because you're going to the second-generation design and going through—

Mr. Jim Feeley: Correct. Obviously if it's not working, we can be very humble about why that happened or that, in fact, it did happen, and we are. We'll make every effort to expedite the fix, to do it right. Certainly, the lesson learned is to do with the additional diligence required in this second generation.

M^{me} France Gélinas: Do you figure that a salary of \$1.4 million for Mr. Mazza was appropriate?

Mr. Jim Feeley: I have no comment on that. The reason I say that is, I don't even know—I'm hearing here

and in the media that that's the case, but until somebody—

M^{me} France Gélinas: The Auditor General knows how to count. He has seen a number or two before, and he's the one who says that it was \$1.4 million. He's sitting there, if you'd like to ask him.

Mr. Jim Feeley: Fair enough. What value is it? I'm sorry.

Mr. Jim McCarter: All I can comment is, in our report, when we did discuss this with the ministry earlier on, what we said was that we couldn't disclose an individual's salary but we did say that the top five executives were getting \$2.5 million. Our point to the ministry was, "Are you aware of this and are you sure you're comfortable with this?" We didn't come out and exactly specify Mr. Mazza's salary, but I think it has been publicly reported, actually, from Ornge, what the salary had been.

1430

Mr. Jim Feeley: Okay. Inappropriate, in my opinion, but that's just from where I'm sitting.

M^{me} France Gélinas: No, your opinion is what—

Mr. Jim Feeley: For whatever that's worth.

M^{me} France Gélinas: Your opinion is what I wanted. The—

The Chair (Mr. Norm Miller): And we're pretty much out of time, so thank you very much for coming before the committee today. We appreciate that.

Mr. Jim Feeley: Absolutely.

MINISTRY OF HEALTH AND LONG-TERM CARE

The Chair (Mr. Norm Miller): Our next witness will be Mr. Rick Brady from the Ministry of Health and Long-Term Care: manager, investigations unit, emergency health services, land/air operations. Welcome, Mr. Brady.

Mr. Rick Brady: Good day.

The Chair (Mr. Norm Miller): And to confirm that you've received the information about a witness coming before the committee?

Mr. Rick Brady: I did.

The Chair (Mr. Norm Miller): Very well. Our clerk has an oath for you.

The Clerk of the Committee (Mr. William Short): Mr. Brady, do you solemnly swear that the evidence that you shall give to this committee touching the subject of the present inquiry shall be the truth, the whole truth and nothing but the truth, so help you God?

Mr. Rick Brady: I so swear.

The Clerk of the Committee (Mr. William Short): Thank you.

The Chair (Mr. Norm Miller): Thank you. If you'd like to make an opening presentation, please start with that, and then we'll go to questions afterwards.

Mr. Rick Brady: Thank you, Mr. Chair, and thank you to the members of the committee for inviting me to come and present before you. I hope I can be helpful to you.

My name is Rick Brady and I am the manager of investigation services at the emergency health services branch of the Ministry of Health and Long-Term Care.

I'd like to start with a brief review of my position, and then I'll focus on ministry investigations into air ambulance and related services, including Ornge.

I have been employed by the Ministry of Health and Long-Term Care since 1997. Currently, I am the manager and chief expert on investigations at the emergency health services branch. During this period, I have personally conducted over 600 ambulance investigations, and have overseen more than 700 such investigations since 2007, which is the year we began using a database to track such information.

As the manager of investigations, my main responsibilities include planning and managing investigations and follow-up activities with respect to complaints into compliance by air and land ambulance services in Ontario. My work touches on a wide range of legislation, primarily the Ambulance Act, but also including the Personal Health Information Protection Act and the Provincial Offences Act, among others.

I am the emergency health services branch's lead provincial offences officer at the branch. In my work, I am required to identify possible or actual areas of individual or systemic breaches of legislation related to the delivery of ambulance, ambulance communications or base-hospital services.

Now, the ministry's complaints process: The services provided by land and air ambulance operators generate a number of complaints or concerns each year. For land ambulance operators, most are handled directly by the ambulance services themselves, such as the municipalities who operate the services. All complaints regarding Ornge must be reported to the ministry.

The branch receives complaints or inquiries from a variety of internal and external sources: through the ministry itself, municipal representatives, managers or directors of emergency medical services, dispatch centres, and from Ornge, as well as through patients, their families, the local or regional coroner, police services, legal representatives, and sometimes from the media.

When complaints are conveyed to the ministry's EHS branch, we conduct an investigation into each complaint and report the findings to the complainant as well as to the relevant ambulance service.

The branch currently has a number of ongoing investigations related to incidents concerning Ornge's response to various patients requiring air ambulance service across the province. Each investigation typically takes many weeks to complete. These investigations reflect a variety of concerns. They range from the standard of medical care to Ornge's responsiveness to requests for air ambulance service. As I'm sure you can appreciate, we should be cautious about discussing any specifics related to individual patients whose personal health information is protected under the Personal Health Information Protection Act.

I should point out that the ministry's process allows for some of these complaints to be forwarded to the service operator to conduct its own internal investigation, and then they can report to the complainant. As of mid-June 2012, our investigation services had not redirected any complaints to Ornge for its own internal investigations. Any internal investigations that had been undertaken by Ornge would have been in response to complaints it received directly.

In terms of the process in relation to the Office of the Chief Coroner, section 10 of the Coroners Act requires that the coroner be notified if an investigation involves a deceased patient whose manner of death meets the legislated criteria under the Coroners Act. The decision whether to conduct an inquest rests with the coroner. As well, the decision, if the coroner wishes a copy of our report, rests with them. So once they've been notified, if they want a copy of the report, then they notify me, under section 16 of their act, that they wish a copy of the report.

The purpose of an investigation is to determine whether there have been any contraventions of the Ambulance Act, its regulations or the standards made under the act. The branch does not conduct investigations into matters covered by any other provincial or federal legislation, nor does it determine the cause of injury or death, nor does it delve into the actions of other agencies such as fire and police services.

Again, thank you for this opportunity to outline the process and the purpose with respect to air and land ambulance services, and now I'm happy to answer any questions, if I can.

The Chair (Mr. Norm Miller): Thank you for that opening statement. We'll move to the opposition for the first question. You have 28 minutes, Mr. Klees.

Mr. Frank Klees: Thank you, Chair.

Thank you, Mr. Brady. I'd like to just get, perhaps, a more general view of your role specifically in the investigations area with Ornge. Specifically, I would like to ask you whether there was any change in your role through the transition. I'm talking now from the time that we had the Ontario air ambulance service in-house, and then there was the transition to Ornge, although not called that immediately but under the auspices of that new structure. Was there any difference in terms of how you conducted your business, your responsibilities within the emergency health services branch before and after that transition?

Mr. Rick Brady: No, there has been no change.

Mr. Frank Klees: Was there ever any direction that you're aware of to the emergency health services branch to take a more passive role and allow Ornge to conduct its business and affairs as it sees fit?

Mr. Rick Brady: Certainly not to my knowledge. Our function, as doing investigations, did not change. So except for doing more investigations than we did previously, we followed the process that we'd always had.

Mr. Frank Klees: We have testimony that there are a number of areas of oversight that the emergency health services has; you, yourself, referred to the Ambulance Act and so on. With regard to Ornge, there were really

three areas of accountability, as set out. One was the Ambulance Act. The other, of course, was the performance agreement. When did you become aware of the performance agreement, and how familiar did you become with that performance agreement?

Mr. Rick Brady: Not very familiar. I do remember, at some point, being advised that there was a performance agreement between the ministry and Ornge, but that's a contract, so as a contract it's not an area that my service becomes involved with, because we investigate whether there's been a contravention to the legislation. Since the amended performance agreement, we have provided copies of that to all of my staff, and they are looking at that performance agreement to indicate whether an investigation they're doing there has been a breach of that performance agreement.

The Chair (Mr. Norm Miller): Mr. Brady, can I ask you to move your microphone a little closer to you so Hansard can pick you up a little better?

Mr. Rick Brady: Okay, thank you.

Mr. Frank Klees: I find that interesting because the performance agreement between the Ministry of Health and Ornge was very specific in terms of accountability, in terms of performance measures, in terms of service delivery, in terms of dispatch requirement—the communications aspect of the air ambulance service. We have—and I'm sure you're familiar with this because it actually came from your branch and it was distributed. This is a document that was prepared for cabinet, entitled "Investigations Concerning Air Ambulance and Related Services," and I'm sure you provided all of the information that went into this document.

1440

Mr. Rick Brady: A lot of it, yes, sir.

Mr. Frank Klees: We can go through this document. We don't have to. We don't have time. But there are numerous references in here to individual cases that involve circumstances, incidents, where patients have died. There are references to patients not being able to be transported because of the interiors of the AW139. There are incidents referenced in this document of the air ambulance not being able to respond because either there were not enough paramedics staffed or there were not enough pilots staffed to respond. There were incidents referenced here where there was confusing information that came from the dispatcher. These are all incidents that, while they may not have been legislated, one would assume that they certainly would be issues for you to investigate and to make recommendations on. Would you agree with that?

Mr. Rick Brady: Again, sir, when a report is completed, our function is to turn the completed report over to senior management at the branch, originally to the manager of the air ambulance program, and now his title has changed. Their function is to decide—they send the report to Ornge and whoever else is affected. We point out in our reports where we have found evidence of issues and our conclusions, and then it's left to somebody

else in the branch to determine what appropriate action they wish to take.

Mr. Frank Klees: But you would have a difficult time, I would think, making an appropriate recommendation or finding if you weren't aware of what the obligations of Ornge were under the terms of the performance agreement. Doesn't that make sense?

Mr. Rick Brady: Not really, sir, because, again, when we're conducting investigations we will look not just to the legislation but at what policies and procedures, for example, Ornge would have in place. We conduct our investigation looking at: Did they contravene their own policy or did they follow their policy? Do we agree with the policy?

The actual performance agreement, as it was: I was never asked or told that we should make that a part of our investigation. Certainly, now, with the amended performance agreement, I made the decision to ensure that all of my staff have that so that they can look at it to determine—because it's much tougher, in my understanding, not having really read the first one, but the tier 1 indicators and some other indicators of timing and the requirements, and we are starting to report on that in our reports.

Mr. Frank Klees: In retrospect, would it have been the right thing to do, would it have been advisable to, in fact, familiarize yourself with that original performance agreement, as well as your staff, to give you a sense of—

Mr. Rick Brady: It may have been, sir, but again, with turning the report over to senior management, who would have been intimately familiar with the performance agreement, it's their decision to review the report and be able to discuss with Ornge how to correct any issues that came up in the reports.

Mr. Frank Klees: I understand that one of your branch's responsibilities is to sign off on, approve—I'm not sure of the correct word; perhaps "certify"—equipment that's being used for either land ambulance or air ambulance purposes. Is that correct?

Mr. Rick Brady: Certainly for the land ambulance side, yes. There's a land ambulance equipment standard, the same as there's a land ambulance vehicle standard. We don't have a legislated standard dealing with air. Prior to—and I can't remember when—the standard was changed, there was a requirement that air ambulance operators would carry the same equipment and types of equipment as the land services. That's not in the current standard. Certainly from a patient-care point of view, I believe that Ornge would be following that standard. I do know that previously, when the ministry operated the system, our contracts with the air carriers specified many things about the interiors, the equipment and other things. Now it has been turned over to Ornge. That's now their issue to deal with.

Mr. Frank Klees: And that's the point that I wanted to get to, because it was my understanding that the third party suppliers were, in fact, inspected by the emergency health services branch, that their interiors had to comply with standards.

Mr. Rick Brady: Correct.

Mr. Frank Klees: What happened? Why would Ornge not be held to the same standards and requirements as the third party suppliers?

Mr. Rick Brady: Unfortunately, that's something I can't answer, because I'm not part of the decision-making process there.

Mr. Frank Klees: Who would be able to answer that question?

Mr. Rick Brady: I would believe that my director, Mr. Bates, or one of the senior managers—again, we don't get into policy discussions at our department. Our job is simply to investigate.

Mr. Frank Klees: So we had a situation where Dr. Mazza and his executive group decided that they now wanted to get into the business of owning aircraft, both fixed-wing and helicopters. They went out and they invested \$145 million of taxpayer dollars—indirectly, because we're on the hook for it—and the Ministry of Health took no measures to ensure that that equipment was up to standard and would be able to deliver safe patient care.

Mr. Rick Brady: Certainly not my department. I don't know if anyone else with the ministry became involved in that, but certainly the decision to buy the helicopters and outfit them was a decision made by Ornge.

Mr. Frank Klees: I'd like to ask you, at what point was the decision made to give Ornge carte blanche over these important standards, these safety standards, as it relates to the business of transporting patients?

Mr. Rick Brady: I have no knowledge of that, sir.

Mr. Frank Klees: Well, let me ask you this: With regard to the third party suppliers of the service, you still oversee that, right?

Mr. Rick Brady: Anyone who is a certified operator of an ambulance service—there's oversight by the branch, yes.

Mr. Frank Klees: Right. But you don't oversee Ornge.

Mr. Rick Brady: I don't. As I say, we investigate complaints—

Mr. Frank Klees: When I say you, I'm referring—

Mr. Rick Brady: To the branch.

Mr. Frank Klees: —to the branch, because that's where the responsibility resides.

Mr. Rick Brady: Correct.

Mr. Frank Klees: So you don't oversee Ornge from that—you oversee the third party suppliers, but you don't oversee Ornge.

Mr. Rick Brady: Even the third party suppliers today come under the auspices of Ornge. They all receive service reviews from our inspection department, because it's mandatory every three years that every ambulance service in the province is subject to a service review—

Mr. Frank Klees: And who conducts that? Sorry.

Mr. Rick Brady: There's a section called the inspection, certification and regulatory compliance unit, and their job is to go in, as I say, and conduct service reviews.

Obviously, not every service is done every—if you understand, at least once every three years all ambulance services need to be inspected by them.

Mr. Frank Klees: And when was the last time that Ornge was inspected under the auspices of that regulation?

Mr. Rick Brady: If I'm correct, there is a service review going on as we speak, or it's being conducted right now.

Mr. Frank Klees: Is that the first one since it was structured?

Mr. Rick Brady: I don't believe so, no.

Mr. Frank Klees: And is that under your auspices? Are you the lead on that?

Mr. Rick Brady: No. That's a whole different department. Again, we're set up that inspections and investigations must be separate, based on Supreme Court of Canada decisions that inspections and investigations have two different functions.

1450

Mr. Frank Klees: I'll refer back to this investigations document. There are recurring themes here in terms of problems with dispatch, the problem with down-staffing. The fact that you have been inspecting these incidents and they continue to recur—could you tell me, from your perspective, did you ever take this up to a higher level of authority within your ministry to say, "Look, we've got a mess on our hands here. These people are not complying. They constantly are out of compliance"? I'd like to get your perspective in terms of how serious you thought things were at Ornge.

Mr. Rick Brady: I certainly did, with my senior manager and with the manager of the air ambulance program, point out to them that there are issues, that they're not staffing properly, that they're not getting to calls when they should be getting to calls. Certainly when I was notified of the interior issue, that certain patient care activities could not be done, I was quite angry about that. So I did point it out, which is my function to do, and—

Mr. Frank Klees: When did you first start to have those discussions with your superiors about Ornge?

Mr. Rick Brady: Probably in 2007, because at that point we noted that we were suddenly starting to do more air ambulance investigations than we had in the past.

Mr. Frank Klees: And who did you take your concerns to? I'd just like to know specifically.

Mr. Rick Brady: At that point I reported to Mr. Dennis Brown, who was senior manager of operations, and Rob Nishman was the manager of the air ambulance program.

Mr. Frank Klees: Did you ever report your concerns in writing to these gentlemen?

Mr. Rick Brady: Well, it would have been in our reports that these were issues that we were finding. So in that way, it's in writing, because they would receive copies of our reports.

Mr. Frank Klees: So back in 2007 you started to get concerned about the non-compliance. They obviously

continued. Things didn't get any better. Someone in your put at risk. Did you ever attempt to take stronger action? There are such things as orders that can be issued against a provider. Was that ever considered over the course of time?

Mr. Rick Brady: Yes.

Mr. Frank Klees: You saw that patients were being put at risk. Did you ever attempt to take stronger action? There are such things as orders that can be issued against a provider. Was that ever considered over the course of time?

Mr. Rick Brady: Again, that's not my decision to make; I don't have the independence to decide that we're going to have the director issue an order or take other action. That's a decision that's made above me by senior management. I can point out that there are issues, that there continue to be issues, that there are trends going on, but as far as the ability to take direct action, again, we don't do that. I can't do that.

Mr. Frank Klees: Did you ever question why there was no specific action taken against this organization?

Mr. Rick Brady: I questioned basically along that line, that they didn't seem to be getting any better, and was assured, "No, we're having meetings and we're talking with them and changes will be coming." I thought, okay, fine.

Mr. Frank Klees: In the meantime, changes didn't come. It seemed to get worse.

Mr. Rick Brady: Correct.

Mr. Frank Klees: Patients were at risk, and here we are today.

Mr. Rick Brady: Yes, sir.

Mr. Frank Klees: Eventually the thing blew up. Did you ever share your concern with any of your peers at the emergency health services branch about what was going on at Ornge?

Mr. Rick Brady: Again, I pointed out to them, especially when we found out about this interior issue with the helicopters, that I was very concerned. And I'm not just concerned for the patients, but I feel very badly for the paramedics having to work under these kinds of conditions. One of the things that is really interesting—and I'm sure you'd probably note, having reviewed the briefing note—is that the actual patient care provided by these front-line folks is really excellent work when they have the opportunity to get to a patient and then the opportunity, perhaps, to help the patient. Certainly, from a delivery point of view, oh yes, I was very concerned, but—

Mr. Frank Klees: And that's why we're here.

Mr. Rick Brady: Correct.

The Chair (Mr. Norm Miller): You have five minutes.

Mr. Frank Klees: We're hearing from front-line paramedics, pilots, who want to deliver that service. They're frustrated because they don't have the resources. I got an email this morning from a paramedic concerning the lack of equipment. They're scouring for medical equipment at various bases. And instead of getting better, we continue to get disinformation.

Are you aware that there was an order that was prepared to be issued to Ornge just within the last month?

Mr. Rick Brady: Yes.

Mr. Frank Klees: And can you tell us what that order was about? What prompted that?

Mr. Rick Brady: Discussions about some of our investigations. In a meeting with the director, I indicated to him, "I'm sorry, but I think we really need to issue an order," and he agreed. I helped draft the order. There are two orders, actually. At that point, they were given to the director. What became of them, I don't know. I've heard testimony that the orders weren't issued and supposedly why, but direct knowledge of it, no, I don't know.

Mr. Frank Klees: How frustrating is that for you? As someone who's on the front line, you have a responsibility to inspect; you have the responsibility to bring these people into line. You recommend the issuance of an order, you help to draft it, you send it up, and it goes nowhere. How frustrating is that for you?

Mr. Rick Brady: Quite frustrating, but I also take the attitude, as I have through my career as an investigator, that my job is to investigate, to report, and then it's up to someone else to decide how we're going to deal with it—somewhat different than when I was a police officer, when I could actually lay charges if I found an offence.

Certainly, we try not to become overly frustrated in our work, because my staff and I can't become frustrated because we believe in what we're doing. We believe it's very important and we believe we have to put it on record as to what we're finding.

Mr. Frank Klees: Mr. Brady, I want to just tell you that we share your frustration and we know that you're on the front line and there are many front-line workers who want to do the job. What we are seeing, unfortunately, is political interference in a process that should work to the benefit of patients, to the benefit of our air ambulance service. That was just one example, and a very recent example. This was recent. This wasn't under the old performance agreement; it wasn't under the old legislation. This is now, under new executive direction and a new board, and they're still not doing their job. When you want to bring them to task, somebody higher up in the executive suites is saying, "No, no. Don't do that because that might be embarrassing to us."

I just want to thank you for the work that you do on the front lines. We're hopeful that this process will lead to some steps that can restore confidence not only in our air ambulance service but would also empower you for the work that you do. Thank you.

Mr. Rick Brady: Thank you, sir.

The Chair (Mr. Norm Miller): Thank you. We'll move to the NDP. Ms. Gélinas.

M^{me} France Gélinas: Before I start with my line of questioning, I want to finish where Mr. Klees just ended. Back in 2007, you're starting to see more requests for investigations; you're starting to do more investigations; putting those reports up to your director and your supervisor. You just answered to Mr. Klees that you were told, "We're having meetings; things will change"—I'm hoping, for the better. Who were those people telling you that?

Mr. Rick Brady: Again, that would be my senior manager, Dennis Brown, because he had the most contact with Ornge. I would meet with him, talk about reports, sometimes talk about the frustrations we were finding, but again, it was left to him to deal with.

1500

M^{me} France Gélinas: Do you know if he shared your frustration, and is there a chance that he also shared it up to his supervisors, that, "Listen, we're doing investigations here, and we're finding issues. We'd like to see change but change is not forthcoming fast enough"?

Mr. Rick Brady: I can't say for sure that he did that because he never told me. Having worked for Dennis for quite a few years, I wouldn't doubt that he would have had some sort of discussions. But, to be honest, I certainly can't say he did.

M^{me} France Gélinas: And who was Dennis's supervisor at the time?

Mr. Rick Brady: That would be Malcolm Bates, the director.

M^{me} France Gélinas: That was Malcolm. Okay.

I want to take it back to—you helped draft two orders.

Mr. Rick Brady: Yes.

M^{me} France Gélinas: Can you share with us what those two orders were about?

Mr. Rick Brady: There are so many Ornge files that—I'm sure one of them had to do with staffing, the fact that they were not having two paramedics on board the helicopters, and the other, I believe, was they were not compliant with the Ontario ambulance documentation standards. That's a legislated standard that all ambulance services are required to adhere to. I'm pretty sure that was the second order.

M^{me} France Gélinas: So when we hear from Ornge through their budget process that they are maintaining the staffing level that they had before, do we have reason to worry? If we see that they don't always staff at two paramedics per helicopter and they're now telling us that the staffing pattern will stay the same and the budget will stay the same, is there a chance that there will be no changes for the better?

Mr. Rick Brady: I certainly can't speak to that. I can tell you that, from a patient-care point of view, especially for critical patients, that for one critical care paramedic to be working on their own is not ideal for the patient, and if they aren't staffed to a critical care level, if they're advanced care or primary care, there's an issue for the patient.

There's also an issue for sending facilities. The majority of the work that Ornge does are inter-facility critical care transports. So to send a lower level of care, in many cases the hospital would then be required to send a medical escort. Why they are not staffing at the same level that they did when the system was turned over to them—I would be questioning, if I was working at Ornge, "Why am I losing staff?" or, "Why are staff not working?" and figure out what's going on.

M^{me} France Gélinas: Okay. So through the investigations that you have done over the years and the

benefit of having been there and done quite a few—700, I think you said; that's a lot of investigations. The staffing level that was there before Ornge was put into place was certainly not bringing the type of complaints that you are investigating now. Some of them were because they were staffing with two critical care paramedics and this is not the case now?

Mr. Rick Brady: Correct. I'd like to say that some of the most serious investigations that we did back when the ministry was in direct oversight were complaints like, "My mother was on the aircraft sitting on the tarmac for three hours. It was cold and there was no heat." We never—very seldom—had any patient care investigations. Certainly, when the ministry had the direct oversight, if there were not two paramedics on board a helicopter, then the provider had to pay for that; there was a clawback that we would get. They wouldn't allow—and certainly the base hospital as it existed then would be furious if one of these helicopters was single-staffed. Now it seems—

M^{me} France Gélinas: Because you end up having to send one of your nurses to Hamilton, and she sits there for the weekend before you get her back. That never makes a hospital executive very happy.

Mr. Rick Brady: No, and it's not very fair to the nurse either.

M^{me} France Gélinas: No.

There's an entire section in the Auditor General's report that deals with complaint investigations. The Auditor General is here, and I'm just quoting from his report. He said the following about the ministry investigation process: "However"—because I'm quoting from a sentence—"in October 2010," the Ministry of Health and Long-Term Care "stopped recommending ways for Ornge to address issues, stating that such decisions were Ornge's responsibility."

Do you have any more information as to why this decision was made? Why did we change this process in 2010?

Mr. Rick Brady: It's not just Ornge. We don't make recommendations for any service anymore. It was a blanket direction to stop making recommendations, although we're now making recommendations again for Ornge. I have been told that we are to do recommendations.

Why it changed? I asked that. I was told that our reports are written in such a way that anyone can read it and determine, "I know exactly what went wrong, and I know exactly what needs fixing."

I was told that because of the maturity of the service now—because land was turned over to the municipalities in 2000. My senior manager felt that everyone now is mature enough to be able to figure out how to fix it.

Instead of specific recommendations, what we're saying now in our cover letter that goes out is that the service that's receiving this report has 10 days to notify either the field office, if it's a land service, or Mr. Nishman, if it's the air service—"What is your plan to address the issues that we've identified in the report?"—then, in 40 days, advise the ministry that you've

successfully completed that plan. So there aren't specific recommendations, but there's still an onus on the service to read the report and fix the issues.

M^{me} France Gélinas: Okay, except that now, for Ornge, you will be making recommendations—

Mr. Rick Brady: Specific recommendations, yes.

M^{me} France Gélinas: Do the 10 days and 40 days stay in place anyway?

Mr. Rick Brady: Yes.

M^{me} France Gélinas: They do. Okay.

The auditor went on to say that he had previously recommended in his 2005 land ambulance audit that the ministry determine a process for ensuring that it receives information on the nature and resolution of serious complaints. Mr. McCarter went on to note that this did not happen. Was any work ever done to implement this recommendation from the 2005 review of the land ambulance audit?

Mr. Rick Brady: I can't answer that question. I know certainly not from my department, but whether anyone else in the branch may have done something, I don't know.

M^{me} France Gélinas: You don't know?

Mr. Rick Brady: No.

M^{me} France Gélinas: Okay. The ministry also said that it was doing unannounced inspections, but from what you've just said, inspection is separated from investigation.

Mr. Rick Brady: Correct.

M^{me} France Gélinas: Okay, so do you happen to know if they did do unannounced inspections?

Mr. Rick Brady: I can't say for sure, no. I know they're doing some now, because one issue was reported to me by an unannounced inspection that turned into an investigation. But their previous—I don't know; we don't have that kind of communication.

M^{me} France Gélinas: Okay, I understand. You explained that today anyway.

You are, though, responsible to receive complaints from the dispatch functions of Ornge?

Mr. Rick Brady: Any complaint relating to Ornge is now supposed to be reported to the ministry.

M^{me} France Gélinas: Okay. And before?

Mr. Rick Brady: Even the land ambulance services don't have to notify the ministry, so although the minister has the power to investigate complaints, there's nothing in the legislation that says the ministry has to be notified.

Certainly we have an excellent working relationship with the land services. They don't hesitate to pick up the phone and call me to let me know, "We've got a serious issue that we're looking into." Sometimes they'll ask us to the investigation. Sometimes they'll say, "Can we do a joint investigation?" Other times, they want to do the investigation but have one of my people oversee it. So that relationship with the land services is excellent.

A lot of complaints that come into land services have to deal with the attitude of the paramedics, which again, there's a legislated standard that deals with attitude. But they're very competent and very good about conducting

investigations, and we've run training courses for the municipalities on how to run investigations.

M^{me} France Gélinas: Okay. So, as the number of complaints that you had to investigate with Ornge increased, did you receive many of them directly from Ornge?

1510

Mr. Rick Brady: No, a lot of them came in either through one of the dispatch centres, our provincial dispatch centres that have had interactions with Ornge; quite a few came in from the land ambulance services that had issues with Ornge. Certainly, starting in late 2011 when Mr. Donovan's articles started to appear in the Star, that suddenly brought on an onset of investigations, plus some of the things he was reporting were sufficient that I'd read it and go, "We'd better look into this."

M^{me} France Gélinas: Okay, so those were all legitimate complaints that you were allowed to investigate?

Mr. Rick Brady: Oh, yes.

M^{me} France Gélinas: So before December 2011, did you used to have contact with people at Ornge?

Mr. Rick Brady: As far as doing investigations? Yes, we'd always notify them. We'd notify services that we were doing an investigation.

M^{me} France Gélinas: Who would you notify?

Mr. Rick Brady: It has been changing, because there seems to be a lot of staff going through. It was the vice-president of operations, Steve Farquhar, and then they got an executive vice-president of operations, so I'd start to let him know, and now it has moved to the vice-president of clinical affairs; I'm not sure why an ambulance service needs clinical affairs. So I notify her, as well as the vice-president, because we need them to provide us with copies of their audio, their dispatch records, the ambulance call reports, so that we can start our investigation.

M^{me} France Gélinas: So from, let's say, 2007 to mid-2011, before all of this, how would you describe your relationship with Ornge? If you needed a copy of their audio or you needed a copy of their report or anything of the sort, how were they with you?

Mr. Rick Brady: Oh, fine.

M^{me} France Gélinas: Everything went fine?

Mr. Rick Brady: Yes.

M^{me} France Gélinas: At every level?

Mr. Rick Brady: Well, certainly as far as providing information, making staff available for interviews and such, they've always been very co-operative that way. Of late, it has been a little bit more difficult, but I think it's because there's an onslaught of requests that are being made to them. But they certainly are more than willing to co-operate with us.

M^{me} France Gélinas: And that had always been the case?

Mr. Rick Brady: Yes. We've never had that problem.

M^{me} France Gélinas: And right now it's really a case because the volume has increased exponentially?

Mr. Rick Brady: Yes.

M^{me} France Gélinas: And then the time constraints. I want to come back to—you're in doing your job, the number of complaints increases, you're starting to see trends, you said. What kind of trends did you see?

Mr. Rick Brady: As I indicated, problems with staffing, problems with their launch policies, problems with the ability to do patient care. Those were sort of the main trends that we saw going on.

M^{me} France Gélinas: And you shared those trends with Dennis Brown?

Mr. Rick Brady: Well, certainly in the reports it would have been pointed out that, as an example, single-staff air ambulance—the legislation, although it doesn't speak specifically to critical care paramedics, does speak to the fact that an ambulance which transports a patient is to be staffed by two paramedics. So the legislation is there to say that you're supposed to have two paramedics on board.

M^{me} France Gélinas: And the same thing with—let's say we talk about the launching policy. When was the first time you remember thinking, "We're seeing a trend here. There's an issue. It's more than just a one-off?" When would you say that started?

Mr. Rick Brady: Well, when I was first notified that they were changing this launch policy and the reasons behind it, I did write a memorandum—at that point, Dennis had left, so it was now to my new senior manager—indicating that I didn't believe that we should be endorsing this change. I didn't believe that they had provided the ministry with appropriate data to be able to say why they should be doing this, and I pointed out that I believed that this would be something that was not going to work. Of course, the ministry didn't approve it; they simply indicated, "Well, okay, that's your policy. Off you go."

M^{me} France Gélinas: So you wrote this memo.

Mr. Rick Brady: Yes.

M^{me} France Gélinas: Who did you write this memo to?

Mr. Rick Brady: To my senior manager, Tony Campeau.

M^{me} France Gélinas: To Tony Campeau. And did you receive any feedback? Did he agree with you? Did you think you were out of line or anything like that?

Mr. Rick Brady: I don't remember receiving any feedback and I was never told I was out of line.

M^{me} France Gélinas: No news is good news or—

Mr. Rick Brady: Correct.

M^{me} France Gélinas: All right. Is this something you did often, write a memo about having basically serious doubts about a change in policy, or was this really something serious enough that you decided to do something that was sort of out of the ordinary?

Mr. Rick Brady: I felt it was serious enough. It was a big change in the methodology of delivering air ambulance service. And as I say, I didn't believe the numbers that were being provided. If memory serves, it was supposedly directly the fault of the Auditor General, who had said in one of his previous reports that there were too

many cancelled calls, which is costing a lot of money. So Ornge used that to say they had something like 3,000 cancelled on-scene requests, where they only do 7,000 air ambulance flights a year, approximately. I think it's less than a third are on-scene requests; 3,000 didn't add up.

M^{me} France G  linas: Didn't add up, no.

Mr. Rick Brady: I'm quite willing, and was quite willing, to sit with somebody to say, "Okay, what is your issue? How do we correct it? Is our air ambulance utilization standard impacting you negatively that we can talk about?" But it was just their blanket decision to do it. I said, "Well, I'm going to write my memo with my opinion."

M^{me} France G  linas: So at this point, what year are we in when you did that?

Mr. Rick Brady: I can't remember when they changed the launch policy, if it was 2010 or 2011.

M^{me} France G  linas: I think it's 2010 also, but we have it some place. I'll check.

So by that point, basically, Ornge makes this decision and shares the decision with the ministry. You have concerns enough to write a memo, saying, "I have concerns with this." But nothing goes back to Ornge in the way of, "Could we discuss this, can we look into this together? You need to be accountable to us as to the changes you're doing."

Mr. Rick Brady: If that occurred, I don't know about it, so I can't say it did or didn't.

M^{me} France G  linas: But they never came back to you to say, "Okay, we're ready to discuss that"—

Mr. Rick Brady: Certainly not with me, no, ma'am.

M^{me} France G  linas: And you never heard after you sent your memo—did you only send it to your supervisor or did you send it wider?

Mr. Rick Brady: It may have been copied to Mr. Nishman.

M^{me} France G  linas: Mister who?

Mr. Rick Brady: Nishman. He's sort of like the field manager who looks after Ornge. I don't think it was sent to anyone else.

M^{me} France G  linas: Okay. To your supervisor, and then you said that you never heard back.

Mr. Rick Brady: Correct.

M^{me} France G  linas: My colleague has a few questions before it comes back.

Mr. Jagmeet Singh: On page 2 of your actual opening remarks, you indicated, and you also read it out, that one of your tasks or one of the things that you are tasked with doing is that you are "required to identify possible or actual areas of individual or systemic breaches of legislation."

So what I want to ask you about is what you can do or what powers you have to identify possible systemic breaches of legislation and how that would apply, for example, to something like Ornge. It's not a direct complaint, it's something—the way I'm reading that or understanding that, and you can correct me if I'm wrong, there's a bit of a proactive element to investigations, that you can look at or identify areas where there could be a

breach, and if it's a systemic breach even more so. Am I reading that right?

Mr. Rick Brady: Basically, and again our reports would indicate that, as an example, documentation was not completed in accordance with the legislative standard; therefore, there was a contravention.

Mr. Jagmeet Singh: Sure.

Mr. Rick Brady: Same as if there's a patient care issue. We point out in the reports: Has there been a contravention?

Mr. Jagmeet Singh: Sure. Now, in terms of Ornge, had there been any sort of identification of systemic breaches in the legislation in the time period, perhaps, from, let's say, 2008 to 2011?

1520

Mr. Rick Brady: Again, staffing issues would have been pointed out, and documentation issues would have been pointed out. Once we knew about the problem with the interior of the aircraft, the AW139, that was pointed out in quite a number of reports: that, because they were unable to perform patient care in accordance with the legislated standards, they're in contravention of the standards.

Mr. Jagmeet Singh: Let's just start with staffing, would there have been any of the systemic breaches that you noticed or that you identified—when would be the first time that you identified it with Ornge?

Mr. Rick Brady: The first time? That's very difficult to answer, only because—

Mr. Jagmeet Singh: Roughly; maybe the year.

Mr. Rick Brady: A year, year and a half, maybe—

Mr. Jagmeet Singh: A year to a year and a half ago?

Mr. Rick Brady: I can't say 100%, but certainly within the last year there has been the problem with the staffing.

Mr. Jagmeet Singh: Before the issues hit the newspapers, before Ornge became on the front page of the Toronto Star, before that, was there—

Mr. Rick Brady: There were some issues where they weren't staffing appropriately.

Mr. Jagmeet Singh: Is there a way for us to confirm that? If you perhaps have some documentation and/or if you have a log of that, perhaps.

Mr. Rick Brady: I don't know. We don't keep—even our database is not indicating what was found. It would be very difficult. I'd have to try to get someone to sit down and go through all the investigation reports again, which would be very time-consuming.

Mr. Jagmeet Singh: It would, eh? We might have to request that, because if there was any indication that Ornge had had some staffing issues well before the scandal broke, that might be very interesting to this committee.

Documentation issues, as well: Do you know, roughly, what year that would have occurred that there were some documentation breaches?

Mr. Rick Brady: That became more evident of late, because one of the issues that I've had is—again, for an ambulance service and their staff, there are specific

requirements when an incident report is required. Certain incident reports must be forwarded to the ministry. In quite a few cases, we started to find that some incident that we're looking at met the criteria for an incident report, and it was never provided.

Mr. Jagmeet Singh: Previously, do you have a log of the complaints that you received, if any, regarding Ornge's patient care or any complaints, from 2008 or even earlier, to 2011?

Mr. Rick Brady: As far as patient care, as I say, we've never really had any serious investigations of Ornge paramedics in regard to whether they were or were not meeting the standard. They've always met the standard with whatever they can work with. So if they're having issues, like the CPR issue or patients with difficulty breathing on the AW139, that's not paramedics' fault. We can't fault them if the equipment they are given doesn't allow them to do their job.

Mr. Jagmeet Singh: What about complaints in general? Did you receive any complaints about Ornge just generally that made it to your branch?

Mr. Rick Brady: We have received complaints.

Mr. Jagmeet Singh: Pardon me?

Mr. Rick Brady: We have, yes.

Mr. Jagmeet Singh: And when and how often, roughly?

Mr. Rick Brady: Over the years, we've received maybe 15 or 20 complaints about Ornge. They could come in, again, from the land ambulance service. They could be coming in from a dispatch centre—

Mr. Jagmeet Singh: Would you be able to table those complaints, whatever they were?

Mr. Rick Brady: The complaints or the investigations?

Mr. Jagmeet Singh: I guess both, really. A summary of the nature of the complaint. Maybe there was a civilian complaint about staffing or a civilian complaint about some other patient care issue.

Mr. Rick Brady: Again, when we open an investigation we would look at what the complaint is about. Is it about patient care; is it about the air ambulance response; is it about the quality of dispatch? So to actually go back in, we'd have to go into the files to determine the specifics of the complaint.

Mr. Jagmeet Singh: And that's similar to what Mr. Klees had already asked you.

M^{me} France G  linas: Just before we run out of time, this issue that recently you wrote two orders, one having to do with staffing, the other one having to do with documentation standards: As good as your memory could recall, how often does it happen that you write orders?

Mr. Rick Brady: It's not that often. Again, our relationship with land ambulance services is such that when they receive one of our reports—

M^{me} France G  linas: They jump?

Mr. Rick Brady: —they're quite willing to make corrections and make changes. It has occurred a couple of times in the past where we have said to a service, "We're looking towards going the route of a director's order,

because you're not complying." That really gets their attention.

M^{me} France G  linas: So just saying that an order is coming is enough to get them to jump?

Mr. Rick Brady: Enough for them to come and sit around the table and find out, "Okay, what is it that we're not doing correctly? What's got you ticked and how do we fix it?"

M^{me} France G  linas: So how come in this particular circumstance you're ready to write two orders that never make it to Ornge? What happened? How come? Basically, if the threat of an order gets you results like you've just described to me—I fully believe that this is exactly what happens—how come this time we didn't use those levers to get the kind of changes that are needed?

Mr. Rick Brady: I can't answer that question. It certainly was not my decision.

M^{me} France G  linas: But it is rather unusual, because in the past, if you had a dialogue about putting an order forward, it basically got action. This time, who do you figure in the hierarchy above you has the right to say, "Don't issue that order"?

Mr. Rick Brady: Well, in the hierarchy above me it could be my senior manager that doesn't want the order issued. It could be the director that doesn't want the order issued. It could be whoever the director reports to. Again, I was asked to help draft the orders and—

M^{me} France G  linas: Who asked you to do that?

Mr. Rick Brady: My director. And then the orders themselves were finalized by someone at the branch who probably writes them a little bit better, and then that's the last I heard. I'd asked, "Are we issuing the orders?" and was told, "No, we're not." I didn't really ask a lot of questions because I wasn't happy about it, and I thought if I asked too many questions I might get really mad and I might say something I shouldn't say.

M^{me} France G  linas: But what a waste of time and what a waste of an opportunity to motivate change, because you really saw it as an opportunity to effect serious change in—

Mr. Rick Brady: I believed it was very necessary to have the orders issued, yes.

M^{me} France G  linas: And somebody above you—

Mr. Rick Brady: Some decision was made.

M^{me} France G  linas: And nobody has come forward and said, "It was my decision and here is why," and put forward a valid reason as to why we should not?

Mr. Rick Brady: No.

M^{me} France G  linas: In your long experience with the ministry in your job, has it ever happened before that the need to issue an order gets squashed down from above?

Mr. Rick Brady: Not squashed. There have been instances where the director or my senior manager may think, "Do we really need to go this route?"—

M^{me} France G  linas: Scaring them would be enough.

Mr. Rick Brady: —and, "We can dialogue about it," as I say, simply the mere letting the service know, and again, that would usually be from the senior manager's

position, that, "We have evidence here that looks like we could be issuing an order. Let's talk about it."

M^{me} France Gélinas: And did you know if that conversation took place with—

Mr. Rick Brady: Yes, I was party to some of those conversations where the director of EMS and their superiors came in and we sat and talked and we presented them with the evidence and obtained from them a commitment to change and fix.

M^{me} France Gélinas: And did a similar process take place this time with Ornge?

Mr. Rick Brady: I don't know. I certainly wasn't party to any meetings with them about it, no.

M^{me} France Gélinas: So no follow-up was done.

The Chair (Mr. Norm Miller): You have two minutes left.

M^{me} France Gélinas: Go ahead.

Mr. Jagmeet Singh: Who would know if it happened with Ornge, this type of sit-down? If the order wasn't actually issued—and you know it wasn't issued—who would know if a sit-down took place, similar to what you described, that, "Listen, we're about to issue an order, but if you come back into compliance, then we won't issue it"?

Mr. Rick Brady: I would presume that my director and senior manager would know if such a discussion took place or what occurred in and around the orders.

M^{me} France Gélinas: And those people are?

1530

Mr. Rick Brady: Malcolm Bates, and then Tony Campeau is my senior manager.

M^{me} France Gélinas: Okay.

The Chair (Mr. Norm Miller): And we are pretty much out of time, so if we could move to the government. Who would like to ask questions in the government?

Mrs. Liz Sandals: Yes, thank you very much.

The Chair (Mr. Norm Miller): Ms. Sandals.

Mrs. Liz Sandals: How do you do, and thank you very much for coming. You're now the manager of the investigations unit.

Mr. Rick Brady: Correct.

Mrs. Liz Sandals: And how long have you been in that position?

Mr. Rick Brady: I became manager in August 2003.

Mrs. Liz Sandals: So you have some experience there now.

Mr. Rick Brady: A couple of years.

Mrs. Liz Sandals: What did you do before that?

Mr. Rick Brady: I was an investigator. I was appointed as an investigator—I'm still an investigator—in 2000. When I joined the ministry in 1997, I started off in dispatch. That was 1997. In 2000—

Mrs. Liz Sandals: Now did I understand you to say that at some point you had been with a police service prior to that?

Mr. Rick Brady: Yes. I was a uniformed member of the Ontario Provincial Police for 10 years.

Mrs. Liz Sandals: Okay. So that's where you learned your investigative skills—

Mr. Rick Brady: It started there. Then, when I left the OPP, it was 10 years as a private investigator and worked for defence counsel.

Mrs. Liz Sandals: So you've had quite a variety of different sorts of investigative experiences—

Mr. Rick Brady: A few.

Mrs. Liz Sandals: —in settings where you've practised your investigative skills.

As manager, what are your particular responsibilities? Can you give us an idea, as manager of the investigation unit?

Mr. Rick Brady: Overall, the complaints will come in to me from various sources. I will dialogue with the complainant. First determine how serious it appears on paper or in discussions with the complainant and at that point make a determination, is the ministry going to investigate? Are we going to have land service investigate? Whatever makes the complainant happy—obviously, if the complainant doesn't want the land service to investigate, we will.

My job is then to start gathering the background materials for an investigator. Once all those materials are in—except lately we have a giant backlog of unassigned investigations—the first investigator who comes in the door to turn something in, it's like, "It's your lucky day. You just got another file."

I just tell them the basics of the complaint. I don't tell them what I expect from them. I don't tell them what route you should go, what answers you should get. It's just, "This is a patient-care complaint." But we look at the entire call, too. If it's a patient-care complaint, we also investigate the dispatch side of things, because anything could have gone wrong in a call. Then the investigator is assigned. They review all the materials they've been given, and they can determine on paper, "Who do I have to speak to? Who do I have to take interview statements from?" Then off they go.

Mrs. Liz Sandals: So if you're the initial gatherer of information and documents, what documents, if it's air ambulance, would you routinely collect?

Mr. Rick Brady: It would be the same for land or air.

Mrs. Liz Sandals: Okay.

Mr. Rick Brady: We would get all the dispatch information, so all the audio, the computer dispatch records, any incident reports, or reports that a communicator may have completed because of the call. We'd ask for the ambulance call report, any incident reports that the paramedics may have completed—

Mrs. Liz Sandals: When would a paramedic complete an incident report? What would trigger that?

Mr. Rick Brady: The legislation is very clear as to when they have to complete an incident report. It's the Ontario ambulance documentation standards. Part 3 is incident reporting, and there's a section—

Mrs. Liz Sandals: So for those of us who don't know—

Mr. Rick Brady: Put it down as a really unusual occurrence, so, is there a long delay in response? Is there a problem accessing a patient? Has there been an equipment failure that could negatively impact a patient? Did something happen that you harmed the patient, or did something happen that you might have harmed the patient? Those types of things—

Mrs. Liz Sandals: But given that you're dealing with critically ill or injured patients, these are incidents that have to do with the smooth flow of the service as opposed to the patient has passed away, because in some cases that's not unpredictable.

Mr. Rick Brady: Well, in some cases, it is predictable.

Mrs. Liz Sandals: Yes, or it is predictable.

Mr. Rick Brady: Unfortunately, in the field of paramedicine, patients do die—best efforts to save them—but that would not necessarily trigger an investigation.

Mrs. Liz Sandals: Because that may be a reasonably expected outcome. So, the incidents are related to things going in an unexpected flow.

Mr. Rick Brady: Correct.

Mrs. Liz Sandals: Okay. Now, if you've got air ambulance, and air and land are both involved, or you've got hospital and air or however these things interrelate, because you're often dealing with transfers from one to another, do you collect all the records from the hospital or all the records from the land ambulance side of the incidents?

Mr. Rick Brady: If land ambulance is involved in an investigation, then, yes, we collect from them as well. If the investigator needs to know how the patient presented either prior to being turned over to the paramedics or how the patient presented when the paramedics turned them over, then we will make a request to the hospital. We use what we call a PHIPA letter. Because we're conducting an investigation that may result in a law enforcement proceeding, we have the authority to ask them to turn the records over.

Mrs. Liz Sandals: If you do go as far as having to access the hospital records—that's an asterisk in the PHIPA, if I can put it that way, that you're authorized to have access to that record. It's not something that can be casually obtained.

Mr. Rick Brady: Oh, absolutely not.

Mrs. Liz Sandals: That's very unusual that you would get access to it. It's because you are authorized to do an investigation.

Mr. Rick Brady: We always, when we're going to a hospital to ask for assistance, touch base with the chief executive officer of the hospital first. The investigator lets them know that we are not investigating the hospital, which calms them down immediately—

Mrs. Liz Sandals: I'm sure it does.

Mr. Rick Brady: We'd limit to—we don't want the entire patient chart, because it's not really our purview to go over it; we just want to know, "How did the patient present when the paramedics delivered the patient to you?", and/or, "What did you find just prior to delivering

the patient?" It's the same as: We'll go in and interview nurses and doctors, with the co-operation of the hospital, to be able to get an understanding of what kind of interaction was going on and what were the expectations.

Mrs. Liz Sandals: Again, that testimony from medical personnel in the hospital would be PHIPA-protected—the information that you're exchanging in that interview. Is that correct?

Mr. Rick Brady: Absolutely. Our reports and all of the materials that we gather are officially part of the patient's health record. Our entire file is protected by PHIPA. Again, if someone wants a copy of our report, they have to have the legislated authority to ask for it. For example, your husband couldn't call me and say, "You did an investigation, and it's my wife." I'd say, "Ask Mrs. Sandals to send me a clearance to release. Otherwise, I'm not giving it to you." So we are very careful about our documents.

Mrs. Liz Sandals: Having a patient release if you're going to release that patient's medical records.

Mr. Rick Brady: Or the executor's release or something; absolutely, yes.

Mrs. Liz Sandals: Just to confirm, because the committee has asked for, I think, all the investigation records related to Omge: Within that record, there would be a lot of information which is clearly a health record for the purposes of PHIPA.

Mr. Rick Brady: The majority of the documents in the files would contain personal health information; absolutely.

Mrs. Liz Sandals: And you would not normally release that except under authorization of the patient or some other authorized investigative unit that's enumerated in PHIPA?

Mr. Rick Brady: Oh, absolutely. For the coroner, they certainly have the authority, under their act, to seize anything they want, but I have to get something from them, either verbally or in writing, that they're invoking section 16 of their authority. If it's another law enforcement agency, say the Ministry of Labour, who needs information, they would have to issue an order under their legislation. If they issue an order, we have to release. In other situations—say, the police want something—we'll carefully review what it is they're after and why they want it before we just—

1540

Mrs. Liz Sandals: So even if the police made a request for some of the information that you have in your investigation records, you might refuse that information to the police unless they clearly have very—

Mr. Rick Brady: Satisfy—

Mrs. Liz Sandals: —high need to access that—

Mr. Rick Brady: Correct.

Mrs. Liz Sandals: —because, again, it's a personal health record.

Mr. Rick Brady: Correct.

Mrs. Liz Sandals: Okay. I think that's very helpful for us to understand.

It sounds to me like part of your job is that once you've collected this information you need to take a great deal of care in protecting that information because of the nature of it being a personal health record.

Mr. Rick Brady: All of our investigative files are maintained under lock and key. The investigators, obviously on active files, will have the files with them, but certainly, because of the motion that this committee made to obtain information, it was my staff and only my staff that pulled the initial investigations and made the first set of copies because I didn't want anyone going into them. Some cases, you never know—it's all evidence and it's all patient information. And if something was going to go missing, I'd rather get heck to my staff than to figure out who has got into the files. They did that over a three-day time period and then turned the materials over to someone else in the branch to make the other copies.

Mrs. Liz Sandals: So your investigators actually spent a number of days copying the information for other people—

Mr. Rick Brady: They did three days. I had to pull them off the road for three days to do the request—our part of it.

Mrs. Liz Sandals: Thank you for sharing that, because I think it's important that we know we've got some downstream consequences in the seriousness of what we've asked for.

Then I presume that the next step would have been to the legal branch at the Ministry of Health or they—

Mr. Rick Brady: Again, because you are the Legislature—

Mrs. Liz Sandals: Yes.

Mr. Rick Brady: —it's one of those things that you don't say no. It's the same as being invited to the committee. As I said when I was invited, "You expect me to say no?"

Mrs. Liz Sandals: You mean you didn't want to come and have tea with us?

Mr. Rick Brady: There's tea?

Mrs. Liz Sandals: It's okay. Don't answer that.

Mr. Rick Brady: I didn't get the tea.

Mrs. Liz Sandals: We could come up with coffee.

Mr. Rick Brady: No, it's a very arduous task. There are now five people who are doing nothing except getting the materials ready to try and turn over to the committee. So that's five staff members at the branch who aren't being able to do their regular duties that are 7.25 hours a day, five days a week—

Mrs. Liz Sandals: Wow.

Mr. Rick Brady: —working to get these materials to you.

Mrs. Liz Sandals: Thank you for that information. I understand from what you're going to say that this is going on for weeks now.

Mr. Rick Brady: It's going on for weeks because they are redacting—

Mrs. Liz Sandals: Because they're personal—

Mr. Rick Brady: Because it's personal information. Two of the staff members who are doing the audio re-

dacting, I think we'll probably have to send them away for a long vacation because it's probably going to take them a couple of months.

Mrs. Liz Sandals: Wow. Just in terms of the audio records, how many hours of audio records would you end up with out of a typical air ambulance call? Maybe there isn't any such thing, but give us an idea of how many hours of audio you end up with.

Mr. Rick Brady: It would not be unusual, say, for the dispatch end of things, to have an hour to an hour and a half, because once a call begins, where they're booking the call and their patient information—so you could have an hour to an hour and a half. Then there'd be the land dispatch end of things, if they're involved in the call. One investigation we did, I think the dispatch manager has indicated that we're probably looking at three hours' worth of audio. Then there's when we do our interviews. All of our interviews are audio-recorded.

Mrs. Liz Sandals: When the base hospital is communicating with the paramedics, is that also all audio?

Mr. Rick Brady: That's all on audio, yes.

Mrs. Liz Sandals: So while they're in the air, you would have the constant communication between the base hospital and the paramedic—

Mr. Rick Brady: In many cases—

Mrs. Liz Sandals: —or intermittent communication—

Mr. Rick Brady: I was going to say, in many cases, with the air ambulance system, the paramedics will be getting their orders from the physician prior to making patient contact. Then once they're in the hospital, they'll likely contact the physician again to either change the orders or get new orders. Then, if they have to, yes, in the air they would get a hold of the base hospital physician for further orders. All of that would be on audio.

Mrs. Liz Sandals: So you may have, actually, three or four different—by the time you get through dispatch and the land ambulance and possibly conversations between base hospital and air paramedics plus the interviewers, you may actually have four different sets of tapes—

Mr. Rick Brady: Oh, easily.

Mrs. Liz Sandals: —from one investigation that would amount to hours—

Mr. Rick Brady: From the investigations that we've pulled to comply with your motion, there are 468 separate audio files.

Mrs. Liz Sandals: Wow. And the average length of those?

Mr. Rick Brady: I haven't asked the two folks who were doing the redacting, but I'm thinking the average is 45 minutes to an hour, and it's taking them about three hours to redact 10 minutes worth of stuff.

Mrs. Liz Sandals: Wow.

Mr. Rick Brady: Because they have to listen to it and make the determination, "If I'm going to exclude, why am I excluding this?" Because they have a list of criteria that the legislation permits them to do. Then they have to actually exclude it, re-record it as an excluded one, because you can't touch the original recording.

Mrs. Liz Sandals: Right.

Mr. Rick Brady: And then they go back to listen to it again to make sure, “Did I miss anything?” or “Did I take something out I shouldn’t have taken out?” and they have to put it back in again.

Mrs. Liz Sandals: So in order to produce a redacted audio record, it isn’t a case of transcribing and redacting, the legal definition of a redacted audio record is the actual redacted—in that anything that we shouldn’t hear is removed?

Mr. Rick Brady: Correct, and even if we thought, “Okay, let’s have them transcribe it. It’ll be faster,” no. A verbatim transcript—we don’t do them anymore. We used to. We won’t even do them for the coroner’s office because it’s easily 10 minutes of typing for one minute of audio. The audio quality may not be quite there. You have to listen to it again. You have to catch every “um,” “ah,” pause, giggle, laugh—it’s a time-consuming process.

Mrs. Liz Sandals: And I guess if there’s any issue around the sound quality not being clear, you’re then depending on the transcribing to make a decision about what it is that’s being heard as opposed to the raw material, which is what was picked up, and those could be two different things, which, I guess, from the coroner’s point of view, could be quite significant.

Mr. Rick Brady: It could be very significant, and it’s not unusual for us—sometimes the coroners will send us verbatim transcripts their staff have prepared, simply to say, “We don’t understand half of your terminology, so could you have one of your people listen to it?” Because every system has their own nomenclature, so that if we were to say something like “CACC,” some person who’s a court reporter wouldn’t know what “CACC” means if they fell over one.

Mrs. Liz Sandals: And it probably means something to you different from my son, who’s a trumpet player?

Mr. Rick Brady: More than likely; it’s probably even spelled differently.

Mrs. Liz Sandals: That could be.

Let’s talk about the number of investigations that you’ve been doing, particularly with respect to Ornge. You mentioned that you sensed that there was an increase in the number of investigations in 2007. Is that correct?

Mr. Rick Brady: Correct.

Mrs. Liz Sandals: What happened in 2007, do you think, that prompted that increase? Did you have a sense of the why?

Mr. Rick Brady: It was triggered, again, by—most of those complaints, and I’m only going on memory, would have been coming in from either one of the land dispatch systems or the municipal ambulances themselves who were finding issues with the delivery of air ambulance service that wasn’t what they were used to. We did get some from sending facilities—

Mrs. Liz Sandals: So were these jurisdictional disputes or disputes about when it should be land and when it should be air or—

Mr. Rick Brady: Well, again—

Mrs. Liz Sandals: —what was the nature, because when I think of complaints, I tend to think of patient complaints. I tend to think in terms of medical complaints, but I think what you’re describing is process or service delivery complaints. Is that fair?

1550

Mr. Rick Brady: Well, sometimes also the decisions that were being made by either the Ornge communications centre or Ornge paramedics. One of the things that we found, as an example, is that there is legislation that speaks to when to contact air ambulance, and there’s the field trauma triage guidelines, which permit the direct delivery of a patient from an on-scene, to bypass any local hospitals and go directly to a trauma centre. There seems to have been some disconnect between what the land paramedics believed they were seeing as far as a trauma. Ornge would arrive on scene and go, “No, they don’t meet the criteria. We’re not taking them.” So they would turn to us and say, “Okay, we need someone to come in and investigate. Were my land paramedics wrong or are they wrong?”

Mrs. Liz Sandals: So you were almost becoming the referee in a change in protocol.

Mr. Rick Brady: Not just the referee, but also whether everyone was following the rules. I can’t remember the specific case. I know the land service was not very happy with us, because they made they complaint. We found that it was the land service that had made the errors, not the air service. But as I tell them, if you’re going to make a complaint, we look at the entire call. We just don’t look at: “You’re blaming Ornge for something. We’re only going to look at Ornge”—no. We have to look at everybody’s involvement.

Mrs. Liz Sandals: Which is why the file is so big, in some cases, because you’re looking at potentially the hospital—or two hospitals, as the case may be—the land ambulance, maybe even two land ambulances, plus Ornge.

Mr. Rick Brady: There could be a giant cast of characters involved. In a multi-patient incident, we could have two or three ambulance services, land services, two of our dispatch centres, plus Ornge. That’s a lot of people involved. We also interview bystanders, so if firefighters were on the scene or police were on the scene, independent witnesses. Some investigations could take a very long time.

Mrs. Liz Sandals: So these investigations really become quite huge. Did you notice a change in either the nature of the complaints or the number of complaints as Ornge started to create these private entities? Is that something that you would have detected at your end?

Mr. Rick Brady: No.

Mrs. Liz Sandals: So it was really more the transition from the old ministry lead service to the Ornge lead service, rather than the transition from the simple non-profit to the complicated. That wasn’t so much what prompted it. It was the original transfer from the ministry to Ornge that sort of created the volume fluctuation?

Mr. Rick Brady: It's an interesting question. Certainly, whether or not these private companies and the energies that were being put into them took their focus away from their business of running an ambulance service, I can't say. It certainly wasn't something where I sat there and went, "This Ornge Peel must have something to do with why we're getting more complaints," because most of these companies I'd never heard of until it started coming out in the media, because it didn't impact us.

Mrs. Liz Sandals: And you're the same as most people. We just saw the Ornge helicopter flying by. We didn't see all those background companies with all the peculiar labels.

Mr. Rick Brady: Correct.

Mrs. Liz Sandals: I think you also made reference to there being a high volume of complaints now. Is that correct?

Mr. Rick Brady: Yes.

Mrs. Liz Sandals: Like, in the last six months. The complaints that you've received in the last six months, you're reflecting when you received the complaint. When are the actual incident dates on those complaints?

Mr. Rick Brady: There's two reasons we have more investigations at the moment. Again, the Auditor General pointed out in his report—I think it was 11 or 20 severe adverse events; I can't remember the number.

Mr. Jim McCarter: It was 20. We had 20, and we just mentioned that they'd been reported to the board of directors of Ornge, that we felt that they hadn't been reported to the ministry, and we felt there were some in there that should have been reported to the ministry.

Mr. Rick Brady: Correct. Absolutely. So that triggered my going to Ornge and saying, "What are these 20 severe adverse events that we've never heard about?" They sent me a pile of stuff that was way more than 20. So we had to review each and every one of these, and out of that, there are three—and they're from 2009—that I've opened investigation files on. I haven't assigned anyone to them yet because they're old. We did the same task for 2010-11. I said, "Okay, seeing as how we didn't know about them in that time period"—and again, I think they sent me 21 or 22. One of my staff went through all of them. Ten of those would warrant opening an investigation. So some of these are older matters, and I'm having to be judicious in triaging our investigations now.

Any one that has come in from a patient complaint—one of them, I think, is going back to 2010. Obviously, we'll be giving that priority to investigate. If it comes in from a hospital, that gets priority to investigate. But they're not all 2012 issues. I can't say for 100% sure right now how many are 2012 issues, but out of the 60—odd that we've opened this year, maybe half—

Mrs. Liz Sandals: Because 60 is a very high number.

Mr. Rick Brady: It's very high.

Mrs. Liz Sandals: That's way higher than any number that I've ever seen for the annual complaint load. A lot of that, then, you're saying, is really—Ornge knew about the complaint but hadn't forwarded it.

Mr. Rick Brady: In some cases, but in other cases, it's people who are coming forward now because they do realize—

Mrs. Liz Sandals: So is this also when there's media around how to complain that people then go, "Oh, I should complain"?

Mr. Rick Brady: It could be what's driving it.

Mrs. Liz Sandals: So some of the media familiarity with the story will increase complaints?

Mr. Rick Brady: That has occurred for a couple of the sending facilities that have contacted, going, "Yes, we did have an issue," and "Oh, my gosh, you people do investigate these things?" It's not like we're widely known outside of the EMS circles, but that has been prompting people to contact the ministry.

The Chair (Mr. Norm Miller): You have three minutes left.

Mrs. Liz Sandals: So you've got, then, a very large number of cases right now. You've got our request. I'm guessing that your staff is very stretched right now.

Mr. Rick Brady: Incredibly, and it's also holiday season, and I'm loath to tell them, "No, you can't have your vacation," because they well deserve it. I mean, December and January were very stressful because we only had five of us. I now have two more investigators who have been added, but they're in training. Although they come from the EMS system, you still have to learn to be an investigator. So they're assigned to work with one of the other investigators as their mentor.

Mrs. Liz Sandals: So it will take a while for them to—

Mr. Rick Brady: Get up to speed.

Mrs. Liz Sandals: Just before we finish, I wanted to ask one question, because you have referenced that you turn materials over to the coroner's office. The coroner recently made a statement a few weeks ago. The coroner stated that in the cases that had been turned over to him, he had concluded there was no evidence that air ambulance issues materially affected the outcome of the case.

Mr. Klees had been quite critical of the coroner. I think in the House he said he was being political. Do you find that the coroner's office is at all political in their evaluation of cases?

Mr. Rick Brady: I've never known them to be. I've worked very closely with the chief coroner, the two deputies, regional coroners. I've never found them to be politically motivated.

Mrs. Liz Sandals: Thank you very much. We're pleased that you felt compelled to come and see us this afternoon.

Mr. Rick Brady: You're welcome.

Mrs. Liz Sandals: Thank you.

The Chair (Mr. Norm Miller): Thank you very much for coming before the committee this afternoon.

Mr. Rick Brady: Thank you, sir.

The Chair (Mr. Norm Miller): The committee is adjourned until July 18 at 9 a.m.

The committee adjourned at 1559.

CONTENTS

Tuesday 26 June 2012

Special report, Auditor General: Ornge Air Ambulance and Related Services.....	P-403
Ministry of Health and Long-Term Care	P-403
Ms. Ruth Hawkins	
City of Oshawa.....	P-415
Mr. John Henry	
Ornge.....	P-425
Mr. Jim Feeley	
Ministry of Health and Long-Term Care	P-439
Mr. Rick Brady	

STANDING COMMITTEE ON PUBLIC ACCOUNTS

Chair / Président

Mr. Norm Miller (Parry Sound–Muskoka PC)

Vice-Chair / Vice-Président

Mr. Toby Barrett (Haldimand–Norfolk PC)

Mr. Toby Barrett (Haldimand–Norfolk PC)

M^{me} France Gélinas (Nickel Belt ND)

Mr. Phil McNeely (Ottawa–Orléans L)

Mr. Norm Miller (Parry Sound–Muskoka PC)

Mr. Reza Moridi (Richmond Hill L)

Mr. Jerry J. Ouellette (Oshawa PC)

Mrs. Liz Sandals (Guelph L)

Mr. Jagmeet Singh (Bramalea–Gore–Malton ND)

Mr. David Zimmer (Willowdale L)

Substitutions / Membres remplaçants

Ms. Helena Jaczek (Oak Ridges–Markham L)

Mr. Frank Klees (Newmarket–Aurora PC)

Also taking part / Autres participants et participantes

Mr. Jeff Leal (Peterborough L)

Mr. Jim McCarter, Auditor General

Clerk / Greffier

Mr. William Short

Staff / Personnel

Mr. Ray McLellan, research officer,
Legislative Research Service



P-15

P-15

ISSN 1180-4327

**Legislative Assembly
of Ontario**

First Session, 40th Parliament

**Assemblée législative
de l'Ontario**

Première session, 40^e législature

**Official Report
of Debates
(Hansard)**

Wednesday 18 July 2012

**Journal
des débats
(Hansard)**

Mercredi 18 juillet 2012

**Standing Committee on
Public Accounts**

Special report, Auditor General:
Ornge Air Ambulance and
Related Services

**Comité permanent des
comptes publics**

Rapport spécial, vérificateur
général : Services d'ambulance
aérienne et services connexes
d'Ornge

Chair: Norm Miller
Clerk: William Short

Président : Norm Miller
Greffier : William Short



Hansard on the Internet

Hansard and other documents of the Legislative Assembly can be on your personal computer within hours after each sitting. The address is:

<http://www.ontla.on.ca/>

Index inquiries

Reference to a cumulative index of previous issues may be obtained by calling the Hansard Reporting Service indexing staff at 416-325-7410 or 325-3708.

Le Journal des débats sur Internet

L'adresse pour faire paraître sur votre ordinateur personnel le Journal et d'autres documents de l'Assemblée législative en quelques heures seulement après la séance est :

Renseignements sur l'index

Adressez vos questions portant sur des numéros précédents du Journal des débats au personnel de l'index, qui vous fourniront des références aux pages dans l'index cumulatif, en composant le 416-325-7410 ou le 325-3708.

Hansard Reporting and Interpretation Services
Room 500, West Wing, Legislative Building
111 Wellesley Street West, Queen's Park
Toronto ON M7A 1A2
Telephone 416-325-7400; fax 416-325-7430
Published by the Legislative Assembly of Ontario



Service du Journal des débats et d'interprétation
Salle 500, aile ouest, Édifice du Parlement
111, rue Wellesley ouest, Queen's Park
Toronto ON M7A 1A2
Téléphone, 416-325-7400; télécopieur, 416-325-7430
Publié par l'Assemblée législative de l'Ontario

LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
PUBLIC ACCOUNTSCOMITÉ PERMANENT DES
COMPTES PUBLICS

Wednesday 18 July 2012

Mercredi 18 juillet 2012

*The committee met at 0835 in room 151.*SPECIAL REPORT, AUDITOR GENERAL:
ORNGE AIR AMBULANCE
AND RELATED SERVICES

The Chair (Mr. Norm Miller): I'd like to call this meeting to order and, first of all, point out to committee members that there's some information in front of you. First of all, there's a large blue binder that was delivered from Mr. Alfred Apps. There is one of those binders per caucus. It is fairly substantial; so, saving a little paper, there is one per caucus. There is also an update from the Ministry of Health and Long-Term Care in terms of some more information. As well, there is a letter from Fasken Martineau, from Lynne Golding, providing an update in terms of providing the information and records that were asked for by the committee.

Our first presenter is not until 9, but we did start early because there were some motions that were tabled. I understand that one was tabled by Ms. Sandals, and you have comments about that, Ms. Sandals.

Mrs. Liz Sandals: Yes. I'm not going to read the whole motion, or at least the original motion. We had asked that some documents be tabled with the committee that were referred to in the Fasken's billing, so there is a list of the precise dates on which the documents were identified in their billing records which the committee previously received.

The motion that the committee passed on June 13 asked for those documents to be produced on July 13. They were not produced. We therefore tabled a motion on Monday, I think it probably was, with the clerk that that be reported to the Legislature, because when there is non-compliance with a direction of the committee, it would be the Legislature that addresses that.

Since then, we have received a letter from Ms. Golding specifying that they have about two thirds of the work done and suggesting that they will deliver the work that they have done this Friday. That would be two days from now.

I must say that we find this a little bit frustrating in that the documents were specifically identified. Ultimately, the taxpayer paid for this law firm to do the work, so these are documents that the taxpayer paid for with respect to their work on Ornge and Ontario Air Ambulance, as it was known at the time. Who am I to impute

motives, but it's a little bit odd that when we've asked them for documents that were more related to Liberal governments, they proceed quickly, and when we ask for documents that relate to Tory decisions, they proceed slowly. Who am I to impute motives? Mr. Klees was a member of cabinet at that time. Perhaps he knows what's in the documents; we certainly don't.

Given that Fasken's has identified a willingness to produce the documents, what I'm going to suggest is that we defer debating the motion until August 1. We're sitting, Chair, on August 1. That will give Fasken's an opportunity to comply with the motion, because obviously, if they comply with the motion, there's no need to pass a motion to go to the Legislature. So I would ask that we defer the motion until August 1.

The Chair (Mr. Norm Miller): Any other comments on this point? No? Okay, then at this point, we are going to go in camera for a few minutes, until our first witness comes before the committee. So I'd need to clear the room.

The committee continued in closed session from 0842 to 0907.

DR. CHRIS MAZZA

The Chair (Mr. Norm Miller): I call this committee back to order and welcome Dr. Chris Mazza before the committee this morning. I'm going to give him a chance to get settled there.

Welcome, Dr. Mazza. I just want to confirm that you've received the information for a person coming before the committee.

Dr. Chris Mazza: Yes.

The Chair (Mr. Norm Miller): Okay. Very well. Our clerk has an oath for you to swear. I see you have a Bible, so we'll proceed with that.

The Clerk of the Committee (Mr. William Short): Dr. Mazza, do you solemnly swear that the evidence you shall give to this committee touching the subject of the present inquiry shall be the truth, the whole truth and nothing but the truth, so help you God?

Dr. Chris Mazza: Yes.

The Clerk of the Committee (Mr. William Short): Thank you.

The Chair (Mr. Norm Miller): Very well. We do have a lot of media in the room this morning. I would just ask the media to watch that they don't bump into any-

body, and please, don't be filming papers that are on members' desks, as well.

At this point, you have time for an opening statement, Dr. Mazza. Please go ahead and make your opening statement.

Dr. Chris Mazza: Mr. Chairman, just before I make my opening statement, on a point of order: Is it okay if I write down questions or points of questions when I hear them, so I don't forget them?

The Chair (Mr. Norm Miller): Certainly. Whatever works for you, Dr. Mazza; if that's helpful for you, yes, please do.

Dr. Chris Mazza: Thank you very much, Mr. Chairman.

Good morning. Mr. Chairman, my lawyer, Roger Yachetti, has made reference to my medical condition, and I would like to state that it was my health circumstances that did not enable me to attend this committee previously. There are those that feel I have been using my medical condition as a shield, to hide. All I can say is that they are wrong.

When my son Joshua died, I felt enormous guilt about my inability to protect him. To assuage my guilt, I poured every ounce of my strength into building Ornge, to save lives, to make him proud. The public dismantling of Ornge has triggered deep-seated emotions related to my son's death that I am as yet unable to deal with effectively.

My intent today is to help this committee understand why we built Ornge the way we did, how it was going to fulfill its mission.

There may be areas of questioning that touch on possible lawsuits. As such, I may not be able to answer all questions, as I am mindful I am under oath.

At the outset, and with the benefit of hindsight, I acknowledge that although I might have done some things differently, I would have, and always have, acted with the best interests of the residents of Ontario in mind.

Much has been made of my compensation package. You will know that all executive compensation was a board decision made with the assistance of compensation specialist Cliste and global governance. My total compensation package may seem to be excessive. It is my understanding that those decisions were made using data that compared my responsibilities and obligations to other similar companies and their executives. I regret that it has been a lightning rod for controversy.

The board relied upon advice from legal counsel at Fasken's not to disclose compensation for senior management. In retrospect, this may have been ill-advised. The trouble it has caused is extensive and unfortunate.

I left a full-time, successful career as an emergency medicine specialist at Sunnybrook hospital in 2003 to help build the Ornge team. I believed and I still believe deeply in what we were doing. For me, Ornge was never about personal enrichment or personal gain. It was about the vital and urgent necessity to transform an antiquated and dysfunctional air ambulance system that everyone knew did not serve the interests of Ontario residents—a

system that ignored a critical marriage of cockpit and cabin, outsourcing the cockpit control to a private sector monopoly and consortium of providers with unreliable equipment and dubious operational standards.

This same system was also facing innumerable critical challenges. Amongst them were the following:

There was approximately 2% memory remaining on the dispatch system servers.

The analog phone system for the air dispatch system that was of questionable quality became completely dysfunctional approximately two weeks after Ornge assumed management.

There were no effective management information systems.

Approximately 60% to 70% dispatch reliability existed in the dedicated operating fleet.

Only 18% of flights were using the fixed-cost fleet, while a massive 82% were using the variable-cost fleet.

Over approximately 70% of flight legs had no patients.

There was little choice or control regarding aviation costs.

Working together with a very committed group of people, we began to build a modern, effective air ambulance system that has achieved the following milestones in enhancing transport medicine services for Ontario patients:

Firstly, Ornge successfully replaced the badly needed, seriously outdated capital assets on which the Ontario system relies. This includes information technology, communication and aviation capital assets.

Secondly, as a result of the internalization of fleet ownership and in-sourcing of aviation services, Ornge was able to apply newly acquired capacity and expertise to control the service delivery environment.

Thirdly, Ornge introduced a dramatically more efficient and effective hub and spoke approach to the assembly of infrastructure and the execution of patient transports.

Fourthly, Ornge significantly increased operational efficiency, which included but was not limited to a more optimized approach to basing and dispatching aircraft, which has already resulted in approximately 30% fewer empty legs and a reduction in not-service transports by 19% since 2006-07.

To be certain, Mr. Chairman, not everyone agreed with these changes, and you have heard from some of these people. But the changes that were implemented and continue today are paying dividends.

Utilizing expertise developed by our Ornge team, we realized that we could commercialize the Ornge concept around the world. Ornge Peel and, later, Ornge Global were created with a view to Ontario taxpayers obtaining the financial benefit from systems developed in Ontario. The testimony of former counsel Alf Apps clearly indicates that the first call on any profits derived from exporting Ornge technology and systems would go to taxpayers and would then be used for the domestic funding of Ornge in Ontario. These plans were in the public interest, and they were fully and regularly dis-

closed to government and to senior officials in the Ministry of Health and Long-Term Care. As Mr. James Sinclair, direct of legal services in the Ministry of Finance, testified, taxpayers were not at risk, and like the sale of Teranet decades ago, this would ultimately have been a win-win for taxpayers.

There are those who want to focus on what I was paid or a boat to be used in the promotion of injury prevention among youth or a motorcycle intended to raise awareness and then generate revenue as an auction item. These concerns are not misplaced but should be fairly viewed in the context of what Ornge is achieving. There are those intent on turning the clock back, wiping out Ornge and going back to outsourcing to private sector monopolies with dubious operating standards. Such changes would be ill-advised and not in the public interest.

I feel very badly for the people who have been affected by what has happened here, especially the dedicated staff at Ornge, and for those, who through no fault of their own, have lost their jobs. I also feel badly for the vision that could have been beneficial to Ontarians and was destroyed, with little regard for the consequences.

I will try to answer your questions now to the best of my ability, Mr. Chairman. Thank you for the opportunity to speak.

The Chair (Mr. Norm Miller): Thank you for your opening statement. We're going to start 20-minute rounds of questions with the three parties. I would just say that we do have a long day planned today. If you find that you need a break, we can recess the committee at some point, if that's required.

We'll start with the official opposition. Mr. Klees, please go ahead.

Mr. Frank Klees: Mr. Mazza, Mr. Yachetti was quoted as saying that you're very interested in setting the record straight. As you know, this committee has been looking forward to hearing from you for that same reason. I'm sure that you also know that you're making history here. This is only the second time in the history of this Legislature that a witness had to be compelled under a Speaker's warrant to come forward. Have you seen the warrant that was issued?

Dr. Chris Mazza: Yes, sir, I have.

Mr. Frank Klees: I'd like to, for the record, read the substance of that warrant: You are required to attend and give evidence before the Standing Committee on Public Accounts, in room 151, Legislative Building, Queen's Park, Toronto, at 9 a.m. on Wednesday, July 18, 2012, and to remain until your attendance is no longer required. The committee is considering the 2012 Special Report of the Auditor General of Ontario on Ornge Air Ambulance and Related Services. You are required to bring with you and produce to the committee all documents, records or things related to the committee's consideration of the 2012 Special Report of the Auditor General on Ornge Air Ambulance and Related Services. If you disobey this warrant, you may be subject to punishment, including imprisonment.

As we've indicated, we certainly want to be sensitive, Mr. Mazza, to your circumstances, but this committee has a responsibility, as well, to get to the bottom of this issue, and we certainly expect that you will be able to cooperate with us. Is there any reason why you feel you may not be able to attend with us throughout the course of this scheduled day?

Dr. Chris Mazza: Mr. Chairman, I am under ongoing treatment for a medical condition that has compromised me severely. I am here today to do the best that I can to attend to my duties to the people of Ontario and to this committee. I am here to do my very best. My medical condition is a reality that I live with, and I will do my best.

Mr. Frank Klees: Thank you, Mr. Mazza.

Mr. Mazza, have you met the Auditor General?

Dr. Chris Mazza: No, sir, I have not.

Mr. Frank Klees: I'd like to introduce you to him; he's sitting at the head of the hearing table. As you know, it was the work of the Auditor General that has brought us to this committee here. He and his team did an extensive audit of Ornge. He tabled that report in March 2012. Have you read the Auditor General's report?

Dr. Chris Mazza: Yes, sir, I had an opportunity to read it.

Mr. Frank Klees: We have had more than 30 witnesses come forward who have given us their perspective on the Auditor General's findings, and I must say that while there were those who took some exception, the vast majority of those witnesses confirmed and supported the Auditor General's findings, so we're going to be interested in your perspective.

0920

There's a great deal of interest in this hearing today. Many people have been waiting to hear from you, beyond this committee. Sir, you've affected a great many lives over the past few years, and for many, this is the first opportunity they have to hear directly from you.

In the hearing room today are some of those lives you've affected: former friends and colleagues. One of those former friends is Mr. Jacob Blum. Do you consider Mr. Blum a friend?

Dr. Chris Mazza: At one point in my life, Mr. Blum was a friend and a colleague. I have lost touch with Mr. Blum over the years.

Mr. Frank Klees: He's going to be very interested in your responses to questions today.

Among the many representatives of the media here today observing these proceedings is Mr. Kevin Donovan of the Toronto Star, who has invested a great deal of his time in researching your career. Among those watching this proceeding, Mr. Mazza, are people from across the province, literally hundreds, who have been affected by the decisions that you made as CEO of Ornge. They include employees of Ornge, both current and former; employees who have lost their jobs because of decisions that you made; paramedics who have experienced the frustrations of having to turn down critically ill patients

because the helicopter interiors on which you signed off couldn't accommodate administering CPR.

Mr. Roger Yachetti: Excuse me, Mr. Chairman. Is there a question here?

The Chair (Mr. Norm Miller): Mr. Klees can use his time as he wishes, Counsel, and please allow him to.

Mr. Frank Klees: There are pilots who are watching these proceedings who have left Ornge because they lost confidence in the administration at Ornge. There are suppliers and former aviation executives who lost their businesses because of your strategy of creating a private sector monopoly. There are families who are watching these proceedings, families and friends of patients who died under circumstances where an Ornge helicopter was not available for a response because of a downstaffing policy that originated with you, never knowing whether that life could have been saved if a timely response had been available.

Mr. Mazza, given the revelations contained in the Auditor General's report, given the fallout and the information of more than 30 witnesses and, quite frankly, the reports that we have had of incidents that resulted from Ornge not being able to perform, do you feel any guilt?

Mr. Roger Yachetti: Is that a proper question, Mr. Chairman? With the greatest of respect, Mr. Klees is making speeches here. Dr. Mazza is here to answer questions.

The Chair (Mr. Norm Miller): Please allow Dr. Mazza to respond to the question.

Dr. Chris Mazza: What is the question, sir?

Mr. Frank Klees: Do you feel any guilt?

Dr. Chris Mazza: Mr. Klees, I feel that at all times, to the best of my ability and with my entire focus and effort from the time that I took my responsibilities at Ornge, I worked in the best interests and for the patients and citizens of Ontario—to the best of my ability at all times. That is what I feel.

Mr. Frank Klees: Mr. Mazza, to your right is a document entitled Investigations Concerning Air Ambulance and Related Services. This is a confidential document that all members of the committee have. I presented a copy at your table. This is a confidential document that is updated periodically for cabinet. It enumerates incidents that were reported.

I won't go into any detail, but suffice it to say that this is a document that has numerous examples of patients who died, patients who were not able to be responded to by Ornge because of interiors that were designed under your watch, because of policies that were made. Because of downstaffing policies, paramedics were not available, pilots were not available. Do you feel any responsibility, Mr. Mazza, for these incidents?

Dr. Chris Mazza: Mr. Klees, every death that has ever occurred in my career, either in emergency medicine or as an expert in transport medicine or within Ornge, has been of grave concern to me. I feel great pain and sorrow with every death that I have ever encountered.

I am not aware of deaths directly related to interiors, nor was I aware of deaths directly related to interiors. I have not seen medical analysis to that effect. I do not have the capability of answering your question to that degree.

Death and preventing death, Mr. Klees, was always first and foremost in any decisions I made at Ornge. There were people dying long before Ornge and the things that changed at Ornge came into being. In fact, Ornge was built on the premise of improving efficiency and effectiveness and trying to decrease those issues. It was a focus of our entire executive team to try to find ways to improve on the effectiveness and efficiency, the safety and the patient safety, as well as the crew safety, for anything that Ornge did—

Mr. Frank Klees: And yet, Mr. Mazza, we heard from people from your executive team—

The Chair (Mr. Norm Miller): Mr. Klees, he was still speaking.

Please finish your response.

Dr. Chris Mazza: So when you ask me if I am upset and concerned about deaths, I may illustrate one particular example that comes to mind, sir, that drove me forward with great fervour. It was prior to Ornge, but it is exemplified in many cases in the history prior to 2006, Mr. Klees.

A young man tobogganing on a hill north of Alliston, the young man 15 years old at the time, hit a tree, his injuries not severe enough that he couldn't walk down the hill with his friend. They were severe; he just wasn't aware. As the family that received them at the bottom of the hill became aware that there was a problem, they called for local ambulance service. Errors were made. A helicopter scene response was not requested. The child was then taken to a local facility. He continued to deteriorate. He required a trauma centre. A call was made. A helicopter was not available because it was in action. Unfortunately, processes did not exist and staff did not exist that had the appropriate competency to make the decisions that were necessary. The helicopter was never taken from where it was attending to a broken leg to come five minutes to attend to this boy who was dying, and the boy died in an ambulance racing for St. Michael's trauma centre.

I received a call, Mr. Klees, to look into that situation. This was 2005, sir. I received a call from the Premier's office to look into that situation. When I did so, it was clear that there were a great many problems associated with it, and I got to know the parents very well.

Ornge's focus, Ornge's obsession—the executive team at Ornge were absolutely committed, sir, committed every day that they came to work, believed intensely that we were trying to prevent such occurrences. Perfection? No, sir, we were not. But we were doing the best that we could and had every intent to continue to improve every day that we worked.

The Chair (Mr. Norm Miller): Mr. Klees?

Mr. Frank Klees: Mr. Mazza, you were entrusted with an awesome responsibility by the government of

Ontario to oversee and to reorganize Ontario's air ambulance service and to provide essential emergency services that the more than 13 million Ontarians could count on. Yet under your watch, we heard of numerous incidents where, contrary to what your vision may have been to improve our air ambulance service, the stories that we have and the information that we've received is that instead of improving our air ambulance service, millions of health care dollars were wasted, public funds were siphoned into for-profit entities and under your watch more than \$300 million of debt was incurred that the taxpayers of the province now are obligated to repay.

0930

My question to you is this. As a medical doctor, not only did you allow these things to happen but, according to witnesses before this committee, you personally directed and orchestrated those decisions that have resulted in the scandal that we're investigating today. How could you allow this to happen?

Mr. Roger Yachetti: Excuse me, Mr. Chairman; I'm going to interrupt. This is unfair questioning. Mr. Klees has put a number of premises forward that are clearly false. The province is not on the hook for the \$300 million, and if you'd read Mr. Apps's report, you'd understand why.

The Chair (Mr. Norm Miller): Please allow—

Mr. Frank Klees: He's the last person we're going to believe at this committee, sir.

The Chair (Mr. Norm Miller): Allow Dr. Mazza to respond, please. And you're not to respond to questions—

Mr. Roger Yachetti: I understand, and I'm trying hard not to.

The Chair (Mr. Norm Miller): Please allow Dr. Mazza to respond.

Mr. Frank Klees: Chair, with all due respect to Mr. Yachetti, we have 20-minute rotations here. With his constant interruptions, he is interfering with the work of this committee. I would ask you, as Chair, to caution Mr. Yachetti in terms of his interference.

The Chair (Mr. Norm Miller): I've just said that Dr. Mazza is to answer the questions, not his counsel. Dr. Mazza, if you could respond, please, to Mr. Klees's question.

Dr. Chris Mazza: Mr. Chairman, I'm just not sure what the question is. I'm hearing a lot of different things and I'm not really sure what the question is. If I could get a question.

Mr. Frank Klees: I will repeat the question.

Dr. Chris Mazza: Yes, sir.

Mr. Frank Klees: As a medical doctor, with the vision that you say that you had in the best interests of patients, how could you allow and, in fact, how could you direct the many decisions that ended up siphoning precious health care dollars from the front-line emergency services into for-profit entities and into a scheme that did nothing to improve patient care in this province?

Dr. Chris Mazza: There are several questions in there, Mr. Chairman. I'm going to try to answer the first one.

Mr. Chairman, I never made decisions and directed issues alone. I had an excellent board of directors that provided very solid governance and oversight. I had a strong team. Those decisions were made in a team-like manner but, most importantly, the decisions were overseen and approved by my board of directors.

Mr. Klees indicates that I orchestrated, that I engaged, and I flatly deny that fact. I had a board. I took my issues, as appropriate and good governance would dictate, to the board of directors. We made decisions, and we believed and still do believe that those decisions were in the best interests of Ontarians and in the best interests of providing more effective, more efficient air ambulance care.

Mr. Klees mentions the debt that the taxpayers are responsible for. That is not my understanding, Mr. Chairman. That debt was incurred with the full knowledge of the Ministry of Health and Long-Term Care, with the full knowledge of the Ontario Financing Authority, and with the full support of both. It was incurred not as sovereign debt. It was a rated bond that was incurred by Ornge, and I understand that the testimony here from the Ministry of Finance has backed up that position: that the taxpayers of Ontario are not on the hook for that debt. That is my understanding.

Mr. Klees also refers to siphoning. At no time was anyone siphoning dollars to for-private schemes. The mandate of Ornge, that started back in 2006 and went through four cabinet ministers and two deputy ministers, two associate deputy ministers and three assistant deputy ministers—always had to generate revenue outside the tax base in order to improve the sustainability and improve the infrastructure of the systems in Ontario, which were, in the view of those of us who built the systems in 2006, not sustainable.

I hope I'm answering the questions. That's the best of my ability.

The Chair (Mr. Norm Miller): You have a minute and a half left, Mr. Klees, in this round.

Mr. Frank Klees: In that case, I will defer the balance of my questions for the next round.

The Chair (Mr. Norm Miller): Very well. Who would like to go for the NDP? Ms. Gélinas.

M^{me} France Gélinas: Good morning, Dr. Mazza. It goes in rotation, and I'll be asking questions with my colleague for the next 20 minutes.

I was most interested: When you did your opening comments, you did mention that you fully and regularly disclosed everything that was going on to the ministry. As well, when you answered my colleague, you repeated that you had full knowledge and support from the Ministry of Health and the Ministry of Finance.

I would be interested in you taking me down: How did you brief them? How often? Who knew? Was there a schedule in place where you would update the ministry as to what was going on at Ornge, how things were progressing?

Dr. Chris Mazza: If I may ask, just for clarification, do you mean from inception and regarding anything and everything, or on particular issues?

M^{me} France Gélinas: Well, let's start it broad.

Dr. Chris Mazza: Okay. The primary contact at the Ministry of Health and Long-Term Care would have been the emergency health services branch. In the beginning, my staff—I don't actually recall which staff. I believe it was shared between one of my operational chiefs, Mr. Lepine, and, at the time, Mr. Blum, but Ms. Renzella was always involved as well in briefing the ministry as required. In 2006-07, it was not as regular as it became. It was sort of more, as I recall, haphazard, but it was certainly many times per month, and obviously often many times beyond that per year.

In the internal audit and review that was performed by Meyers Norris Penny, one of the recommendations was that those reviews, interactions, communications become regular and formalized. We moved to continuing to speak to them, in some cases, on a daily basis, but certainly, again, many, many times per month, but then with formal quarterly meetings regarding all issues and challenges that Ornge may or may not be facing, and that of course would relate to any strategic plans or strategic initiatives that we were undergoing.

During times of major projects, though, ma'am, we would move outside of even that briefing schedule and move into a far more intense format of briefing. For example, in the moving towards the bond offering and the movement into aviation, we were absolutely up front with the ministry as to why we felt strongly that we needed to move into aviation, why we felt strongly that we needed to replace the fleet, what the economic analyses were behind that and so on and so forth.

But we went beyond that. We were engaged, with the help of our financial adviser, which we achieved in an RFP, and corporate counsel for Fasken's, Mr. Apps, in briefing and ensuring that the Ontario Financing Authority not only understood the tenets, the tone, the type of deal that was on the table, but supported it. And it was our understanding that there was broad and widespread support for this.

If at any time, ma'am—if at any time—the ministry had indicated to us that "We do not want this to happen," or "We do not like the way the strategic direction is going," there is no question that we would have changed tracks. They were our principal client. They were the reason we existed. They were who we were trying to please.

0940

Much has been made at this committee about the inability to affect our operation. I must say I've been quite puzzled by that, because while I've read Ms. Golding's testimony—and certainly there are any number of legal means that the ministry could use to effect change in something they didn't like. But I think it's more important that the committee understand that there was an unbelievable moral and ethical power that the ministry had over Ornge. We were there to serve them. That was

our belief. That I say from my heart, from my soul, from who I am and from my chairmanship. That was why we were there. I hope I answered you.

M^{me} France Gélinas: No, that was pretty good. You went from broad to—and you also went from 2006 to, I take it, more recent.

Let's talk about some of those briefings that you've done with the help of Mr. Apps. There was a briefing note that was widely circulated, where you came to the ministry and briefed them on the new corporate structure and the strategic direction of Ornge. This document has been circulated at this committee, and I take it that you know what I'm referring to.

Dr. Chris Mazza: Yes, ma'am.

M^{me} France Gélinas: Was this well received?

Dr. Chris Mazza: First, I would qualify that I wasn't involved in those briefings. The briefings, as I recall, were carried out by lead counsel, Mr. Apps from Fasken's, Mr. Beltzner and Mr. Lepine. I believe those were the attendees.

Unequivocally, yes, the briefings were well received in what was communicated to me. Inasmuch as it was, communicated to me, in fact, the briefings were so well received and so well supported that it was communicated to me that one of the deputy ministers—I cannot remember which one, whether it was finance or health; I thought it was health, but I don't recollect that absolutely—indicated that in this restructuring and the bringing in of private investors, would the government be able to invest? They thought that the business plan and the opportunity were so positive that they would like to look at the potential of investing.

They also talked about a number of other potentials down the road, that they thought it was a brilliant piece of public policy. That was why we went ahead with it. Again, to say that in those briefings, if the ministry had said, "We don't want you doing this. We think this isn't appropriate," we would have gone ahead? Absolutely not.

M^{me} France Gélinas: Would there be a chance that the ministry did say "We're not happy," and this information never reached you? You thought that the ministry was onside, but really, they were not?

Dr. Chris Mazza: It's a hypothetical question. I can't imagine that—

M^{me} France Gélinas: Scenario.

Dr. Chris Mazza: I can't imagine that, no. But it's hypothetical.

Mr. Jagmeet Singh: Do you have any example at any point in time where the ministry advised you, "Don't do what you're doing," or, "We have an issue with the way you're proceeding or with your vision," anything of that sort? Was there ever any input provided from the ministry that was basically, "Don't do what you're doing"?

Dr. Chris Mazza: No, sir. I was very proud of what we were doing and I was even prouder that my ministers—because there had been, as I said, four, which started with Minister Clement, who was actually extremely supportive of the directions that we were going

in and the concepts that we were espousing; moving on to Minister Smitherman and Minister Caplan, both of whom I had opportunity to brief on the fullness of the concepts. I had meetings with both of those ministers; meetings with ADMs later. No, sir: At all times, people supported it and told me that they thought it was great public policy.

The only minister whom I never met with was Minister Matthews. I asked, over two years, for a meeting with Minister Matthews. I requested a meeting because I had hoped to be able to brief her on the concepts of Ornge. As was my practice when a new minister took office, I wanted to meet and make sure they understood the ideas.

I was told by my corporate communications staff that the minister didn't require a briefing, didn't require a meeting, and was comfortable that Ornge was managing things to the ministry's satisfaction, and, moreover, I gathered, was busy with other issues. So I—

Mr. Jagmeet Singh: Would you be able to table any formal requests that you made of Minister Matthews for meetings? Do you have records of—

Dr. Chris Mazza: No. As a matter of fact, sir, I have none of my records; I have none of my materials at all. I haven't been at Ornge since my medical leave in December, and I have access to nothing.

Mr. Jagmeet Singh: Were they formal requests made in writing or by email, or were they telephone requests, for a meeting with Minister Matthews?

Dr. Chris Mazza: I don't know the answer to the question. I know that I delegated the requests to my VP of corporate communications, who would then have been in contact. Whether it was an email contact or a verbal, I don't know the answer.

M^{me} France Gélinas: All right. I want to take you back to January 2011. Mr. Apps, your board chair, as well as Mr. Lepine, did the briefing. It was extremely well received, well received enough that they saw a piece of policy that really made sense, that maybe the government should invest in. But yet we have the Minister of Health on record saying that when that briefing was done, red flags went up; they tried to get information out of Ornge and were stonewalled.

Did the ministry ever ask you for follow-up information after the briefings were done?

Dr. Chris Mazza: Not to my knowledge, ma'am. I have no knowledge of that or understanding of that. I can't imagine a circumstance at Ornge where we would stonewall the minister.

Our interest in those briefings was twofold. It was to fulfill a board obligation that indicated in the minutes that we ensure that the ministry is supportive. Actually, that is very well outlined in a document that I believe Mr. Apps has circulated with this committee. So that was the first premise.

The second premise was more of a moral obligation on our part to ensure that our principal client, and, quite frankly, for those of us on the executive team, our principal reason for doing what we were doing, was happy

and thought it was a good piece of policy. So I don't know why—there would have been no reason to stonewall with them. We were proud of what was going on. So I don't know why that would be said.

M^{me} France Gélinas: Neither do I.

You opened up talking about your compensation and how your compensation came to be.

Dr. Chris Mazza: Yes, ma'am.

M^{me} France Gélinas: I'm with the NDP, and when we reviewed the sunshine list, we knew you and had realized that you were no longer on the sunshine list, so we filed a freedom of access of information with the Ministry of Health to find out what your salary was and what your compensation was and why you were no longer there. They told us that they got 13 documents about this, but they could not share that with us.

Did the ministry ever ask you what your compensation was?

Dr. Chris Mazza: Me, personally? No, ma'am. My compensation was always the purview of my board of directors. I had no input into my compensation. I had no opinion that was ever—my opinion was never requested about my compensation. My board of directors utilized third party compensation advisers that used data and a fairly exhaustive process to establish compensation, and I would be informed as to what my compensation would be.

Similarly, if there were issues or questions from outside about my compensation, those would have gone to my chairman and the chairman of the compensation committee, and I would not have been informed.

0950

In fact, in one particular instance I remember—I don't remember the circumstances, but I remember Ms. Hawkins calling me and asking if she could speak to my chairman because she had a question to go over. I said that certainly she could speak to my chairman and asked what it was about. She indicated that she could not tell me because, of course, it was about my compensation.

So I don't know. I don't have any information about that, ma'am, nor would I have on any matters regarding me; I was kept out of it, as is appropriate in a good governance system.

M^{me} France Gélinas: With your knowledge—I mean, you knew your board—

Dr. Chris Mazza: Yes, ma'am.

M^{me} France Gélinas: I was an executive director, similar to you. You get to know your chair pretty good, and you get to know your board members pretty good. If the ministry had asked your board for compensation, how do you figure they would have reacted?

Dr. Chris Mazza: It's a hypothetical point. I don't want to speak for my board, ma'am, particularly under oath, because it's an opinion I'm offering.

I can say that the entire issue of disclosure was one that the board dealt with in 2007, I believe. It was when the organization moved to create Ornge Peel, which was to begin to move on its for-profit initiatives, and many staff were moved into Ornge Peel. The board obtained an

opinion from Fasken Martineau as to whether they were to disclose or not, and the opinion was, no, they were not to disclose. I was not privy to the debate that went on about that. I was only aware that there was an opinion that was from Fasken Martineau. There was a board meeting that was in camera that I was not allowed to attend. The conclusion out of that board meeting was that they were not going to disclose because that was the advice they had been given.

On a hypothetical basis, ma'am, knowing my board chair and knowing my board, if the ministry had indicated a strong desire for disclosure, my chairman's only concern would have been, I think, privacy and liability issues, which the ministry could have dealt with by taking on those liability issues.

At all times, I suppose my answer would be that my chairman and my board were interested in pleasing the ministry; those requests were never made.

More importantly, it is important to understand that in the internal review and audit of 2008, the Ministry of Finance's internal audit group was aware that Ornge Peel was not on the sunshine list. No issues were made. No discussion came out of that. There were no concerns, and there was a full report and review of the report and debate.

The Chair (Mr. Norm Miller): You have about two minutes left.

Mr. Jagmeet Singh: We're looking at the Ministry of Health's involvement and interaction with Ornge. What did the Ministry of Health do to oversee or provide oversight of Ornge? Would you be able to summarize your experience of the Ministry of Health's oversight?

M^{me} France G  linas: Did they do inspections on-site, that kind of stuff?

Dr. Chris Mazza: As I said, the ministry, I thought, were attentive to their obligations in the quarterly meetings, in being regularly aware of what we were doing and what was going on, evaluating any instances of patient occurrences or aviation occurrences. There were formal processes that they had in place—inspections, we could call them, but the ministry has a specific term, and it escapes me right now—land ambulance review and air ambulance review. They're fairly extensive processes. From what I saw, they were attentive.

Mr. Jagmeet Singh: How many reviews do you recall occurred?

Dr. Chris Mazza: I don't recall.

Mr. Jagmeet Singh: That's fine. Were there any spot audits or spot checks where the ministry would come in unannounced and investigate what was going on or just do a quick review and say, "Hey, listen, we're here to check out what's going on"?

Dr. Chris Mazza: I don't recall, but more importantly, I wouldn't know, because those things would be occurring at a far different level than where I was. They may have been occurring at an operational level and I wasn't aware, or they may have been occurring in the field and I wasn't aware. I don't know the answer.

The Chair (Mr. Norm Miller): Thank you. We'll move on to the government members. Ms. Sandals?

Mrs. Liz Sandals: Thank you for appearing this morning, Dr. Mazza. As a member of the committee, I am in one way pleased that you're here to answer our questions because there are so many people of Ontario who have been awaiting the outcome of your testimony to get some sense of the answers to the questions that they have been asking.

In other ways, I'm very much saddened, because what we're coming to understand is that there are a lot of people who have really suffered because of this incident. We've got the paramedics, who feel a loss of their reputation. We have the pilots, who feel a loss of their reputation. We have the dispatchers, who feel a loss of their reputation. I am not saying that they deserve to have that loss of reputation, but that's what they feel: that they are under attack. It's very sad to see such an organization which should be so good and which has provided in the past good service—to see those front-line people who have worked so hard for the people of Ontario feeling as though they're under attack.

I'm saddened, too, for those of us who are members of the Legislature, appointed officials, who've entrusted Ornge with providing a service which is, after all, a life-and-death service. I think that when I listened to my constituents, the reaction I get from my constituents is that the people of the province are very much concerned with what they view as their taxpayers' dollars being wasted on greed and excesses and some form of secrecy that they can't figure out what's going on. Their sense is that it was your leadership that led us into this mess. Quite frankly, a lot of the reaction that I get from my constituents is that they're quite outraged by this whole story from what they read in the media. I think that's because literally what has unfolded was outrageous. What has certainly become clear, as we've listened to the testimony that we've heard at the committee here over the last many months, is a sense that you broke faith with your employees, with the public who are paying the bills, with the members of all parties of the Legislative Assembly and ultimately with the people who matter the most, who are the men and the women and the children who are the patients, the clients, of Ornge who rely on Ornge for services.

The impression that we have certainly gained through the testimony that we've had at the committee and from the stories that we've heard here at the committee is stories about lavish perks, stories about misplaced priorities, stories about looking at your personal gain ahead of the interest of Ontario patients and a sense that it wasn't really until the Auditor General and the government stepped in that this all came to a halt. We've covered a lot of territory already today, but as you yourself mentioned, your compensation has certainly, for the public, been the lightning rod. I think that's because, to the public, the matter of compensation symbolically represents everything that has run amok, so that it has, as you said, become the lightning rod. So I think, given that

your compensation is a lightning rod, I'd like to begin there, if I may.

1000

If we go back to April 2007, at that point your name did appear, Dr. Mazza, in the annual sunshine list. The April 2007 sunshine list was for 2006 earnings. Do you recall how much you earned in 2006, what your compensation was?

Dr. Chris Mazza: No, ma'am. I recall it was probably around \$400,000 or \$300,000-and-something. But I don't recall; it's a long time ago.

Mrs. Liz Sandals: Oh, that's interesting, because what was actually reported was \$284,000.

Dr. Chris Mazza: As I said, ma'am, I don't recall.

Mrs. Liz Sandals: Your employer at that point in time would have been—

Dr. Chris Mazza: This was—

Mrs. Liz Sandals: In 2006.

Dr. Chris Mazza: It would have been Ontario Air Ambulance Services Corp., I believe—

Mrs. Liz Sandals: So whatever the name at that particular point in time—

Dr. Chris Mazza: Yes, ma'am.

Mrs. Liz Sandals: —at that point, the non-profit was your employer.

Two years later, when you look at the 2009 sunshine list, your name has disappeared. It would appear that that level of salary has also disappeared. Because we don't have access to that information, we have to rely on the testimony of other witnesses. Luis Navas, who I believe was on the board at that point in time, informed the committee that he believed your total compensation by that time was about \$550,000. Does that seem about the right ballpark to you?

Dr. Chris Mazza: Again, ma'am, there was a lot going on in my life in the last six years, and I do not recall my compensation numbers. You asked about 2006 earlier. I was struggling with a fair bit in 2006. I had just lost a child. There was a heck of a lot else that went on over those years. I don't recall the numbers, but I'm certain there's data to support these questions regarding those numbers.

What I do know is that my compensation was always defined by my board of directors. It was defined using third party compensation advisers. I'm not an expert in compensation.

Mrs. Liz Sandals: I didn't ask you how it got to be that. I'm just trying to figure out what on earth it was, because quite frankly, the public has never received a full accounting of what your salary was at various points.

Dr. Chris Mazza: Yes, ma'am, and I'm not sure I can help them in this committee, because I don't recall those numbers.

Mrs. Liz Sandals: Even though, as you said, it's the lightning rod, you haven't even checked your own tax records?

Dr. Chris Mazza: Ma'am, I actually just got out of hospital a little while ago. I have access to nothing. I've

recently moved; everything I own is in boxes. So, no, ma'am.

Mrs. Liz Sandals: Okay. So let's assume, then, if you don't have the information, that Mr. Navas, who was on the board at the time, was correct. Given the information which was on the sunshine list, which is public record—and he was on the board, and you say the board was responsible—it would appear that in a matter of a few years, your compensation increased by a quarter of a million dollars. That is, from my taxpayers' point of view, a pretty significant increase, to have your salary increase by a quarter of a million dollars.

Who was your employer in 2009?

Dr. Chris Mazza: That would have been Ornge Peel.

Mrs. Liz Sandals: At this point it's Ornge Peel, so we've now moved from Ornge—

Dr. Chris Mazza: Excuse me, ma'am. I believe from 2007 onwards, it would have been Ornge Peel.

Mrs. Liz Sandals: Okay. So when your name disappears from the sunshine list, you've moved from non-profit to for-profit—

Dr. Chris Mazza: Yes, and that fact was made known to—the Ministry of Health was aware of that, as was Meyers Norris Penny, who were the Ministry of Finance's internal audit group, who completed a full and complete review and audit in 2007-08, which the government has possession of, and that fact would have been well known. In fact, I remember having a conversation with the lead auditor at the time, defining the purpose of Ornge Peel and the business purposes.

Mrs. Liz Sandals: Are you telling us that the private auditor had access to information that the Auditor General of the province of Ontario couldn't get access to? That's very odd.

Dr. Chris Mazza: Ma'am, it was the internal audit group from the Ministry of Finance. They hired—I don't understand the process behind that, ma'am, but it would have been the internal audit group in the Ministry of Finance, not the government.

Mrs. Liz Sandals: And Ornge Peel, the company of which you were CEO, would release information to one place but not to—

Dr. Chris Mazza: What information are you talking about releasing—

Mrs. Liz Sandals: Well, your salary. You just told me that they fully audited your salary.

Dr. Chris Mazza: No, ma'am. I told you that they completed an audit and they were aware that we were not disclosing on the sunshine list. That's what I said, ma'am. And I told you that they were aware of the business reasons for the creation of Ornge Peel, and I am not aware as to whether they asked at all about compensation.

Mrs. Liz Sandals: So the internal audit didn't show up your salary either, then?

Dr. Chris Mazza: I'm not aware. I don't know whether it did or not.

Mrs. Liz Sandals: So we've got the move, then, from 2006 to 2009; your salary increases by a quarter of a

million dollars, from what we can find out, which we all agree isn't the best source of information; and you've switched employers. Could you take a minute to explain to us how you can defend a quarter-of-a-million-dollar increase in three years?

Dr. Chris Mazza: Ma'am, I think that's a question best asked to my board of directors and the third party compensation advisers. I did not derive my salary, I did not derive that increase nor did I demand that increase. That was what I was told I would earn. My responsibilities were going up on an exponential basis. I believe that was taken into account. But those are questions better served to the board of directors and to the third party compensation advisers.

Mrs. Liz Sandals: So your salary went up by a quarter of a million dollars and you didn't really notice and you really didn't ever discuss it with the board chair?

Dr. Chris Mazza: No, ma'am, you asked me a question on defending or defining it and I—

Mrs. Liz Sandals: I didn't ask you how the board arrived at it. I asked you what you thought of it. Do you think that was greedy? Do you think it was excessive to have a public sector employee have their salary go up, during a recession, I might add, by a quarter of a million dollars?

Dr. Chris Mazza: Thank you. I think that I would answer by saying, again, that my opinion was not asked during the—

Mrs. Liz Sandals: But I'm asking your opinion. Do you think that was appropriate—

Dr. Chris Mazza: I don't think my opinion is as relevant as is the analysis by compensation experts, ma'am. I think the compensation advisers advised the board, the board accepted the advice, and I was told, "This is what your salary would be."

I know I worked very hard and I endeavoured to the best of my ability at all times to quite literally pour my heart and soul into what I was doing.

Mrs. Liz Sandals: Okay. So let's move on to 2011. What we have finally found out is that in 2011 your salary was \$1.4 million. Is that correct, sir? Or at least your compensation was \$1.4 million.

Dr. Chris Mazza: Again, this may seem odd to the committee, but at this point and after what I've been through lately, I'm not going to be able to reflect on what the number was. I know that's what's been reported, yes. What is the question, though, ma'am?

Mrs. Liz Sandals: So now your salary has gone up by—if we look at the amount that your salary has gone up over that time, over a few years—during a recession it's gone from about \$300,000 up to \$1.4 million. That's a \$1.1-million increase. And you've got no opinion about that increase? Is it greedy? Is it excessive? Is it appropriate?

Dr. Chris Mazza: Ma'am, what I would answer—and again, I will not offer opinion, but what I will answer is that when I started I had, in 2003-04, probably 20 employees and when I finished I had 600—a little north of 500 and soon to be a little north of 600 employees. When

I started, I was running basically a medical oversight group. When I finished, I was effectively running a small hospital as well as a rotor-wing airline and a fixed-wing airline, as well as a communications centre. In addition, I had been asked to run and move forward on a global consulting initiative and the potential of a global operation initiative.

1010

My other point on this would be: The board, again, would have made those decisions with third party advisers. They would have been looking at private sector comparables, I believe. The other point I would make, and something that really I have not often read or heard: Well over half—in fact, three quarters—of any compensation I received would have been based on performance. There were goals and objectives, hard goals and objectives, that I had to meet. If I didn't meet the goals and objectives, then I didn't get paid that. And the goals and objectives had to be approved by the board of directors, by the compensation chairman and then, whether I met them or not had to be agreed to by the board of directors and by the compensation chairman, at which point the performance pay would be forthcoming.

Mrs. Liz Sandals: So you don't have any opinion, but I think that was quite a defence of why you should get \$1.4 million. As the CEO of all this enterprise, when you do the calculation, \$1 out of every \$150 that was supposed to be providing air ambulance service to the people of Ontario was going into your pocket. As a CEO of an enterprise, do you think it's appropriate that funding for Ontario's air ambulance service, \$1 out of every \$150, should go directly into your pocket?

Dr. Chris Mazza: Ma'am—

Mr. Roger Yachetti: Chair, may I interrupt for a moment? Could you please make the witness understand what the 150 represents? Is that the \$150 million—

Mrs. Liz Sandals: That's \$150 million in annual funding which was received from the taxpayers of Ontario to provide air ambulance service to the people of Ontario. At \$1.4 million, that's a ratio of about \$1 out of every \$150 going into your pocket, sir.

Dr. Chris Mazza: Ma'am, I would go back to my position on salary, which is that it was not my decision. The decision was made by a board of directors. They were made with the advice and counsel of third party advisers. I have nothing further to add to my answer, ma'am. I do not have an opinion on this issue. I have nothing further to add.

Mrs. Liz Sandals: Okay. Perhaps you do have an opinion on some of the interest-free loans that you were provided with. As we move forward, you're the CEO of Ornge Global when we get up into the period in 2010 and 2011. It would appear from the work that the auditor has done that over that about 18-month period, you were provided with approximately \$1.2 million in personal loans by Ornge Global. If I could work my way through that, is it correct that you received a \$500,000 loan in July 2010? This appears to be in some way related to the purchase of a house in Etobicoke.

Dr. Chris Mazza: Ma'am, I am aware of one simple loan that I received. The other issues, are not, as you've put, in fact—the one simple loan that I received was for \$150,000 due to difficult housing circumstances. The other item that you mentioned was a reflection of a long-term incentive plan that had been enacted years before. The final issue, which people have spoken—

Mrs. Liz Sandals: Just let me clarify this: The \$1.4 million includes your performance bonuses—

Dr. Chris Mazza: Ma'am, if I may finish.

The Chair (Mr. Norm Miller): Please, Mrs. Sandals, let him finish.

Dr. Chris Mazza: I'm not able to go into complete detail on these issues, ma'am. I'm sure there's paper, both at Ornge and otherwise, to demonstrate it. The long-term incentive plan occurred over years. What you're speaking of, the \$500,000, represented paying out, at the end of those years, some element of that. So it is not a simple loan, ma'am. That's my only point.

Mrs. Liz Sandals: But you did receive \$500,000 in addition to the \$1.4 million.

Dr. Chris Mazza: Over time.

Mrs. Liz Sandals: And then—

The Chair (Mr. Norm Miller): You're just about out of time.

Mrs. Liz Sandals: I'll borrow from my next round, if I may.

The Chair (Mr. Norm Miller): Yes.

Mrs. Liz Sandals: You also received at some point, then, a cash advance of \$250,000?

Dr. Chris Mazza: That is not correct, to my knowledge. I received a special bonus for ongoing—

The Chair (Mr. Norm Miller): Excuse me, can I ask that cameras not be photographing any materials on the tables, please? Thank you.

Continue, sir.

Dr. Chris Mazza: Mr. Chairman, I realize it's probably inappropriate to ask, but I can't even hear when they're right behind me.

I'm sorry.

Mrs. Liz Sandals: The \$250,000 cash advance: You were explaining what that was for.

Dr. Chris Mazza: Yes. That was not a cash advance; it was a special bonus, as is my understanding and my recollection. Certainly, it has been my understanding, from the moment it was offered by the compensation committee, that it was offered for work done to date, because I had been working substantively, both with institutional investors and, later, private investors, and the strategy had changed multiple times. It was for going forward on the equity, the private placement.

Mrs. Liz Sandals: So that was also in addition to the \$1.4 million in basic compensation and routine performance bonuses?

Dr. Chris Mazza: In the subsequent year. That would have been in 2011.

It's also important to assess that I am not guaranteed in any year any amount of money. As I said, more than 75% to 85% of whatever I receive is not necessarily

coming my way. It depends on meeting performance guidelines.

Mrs. Liz Sandals: Then, there is also a record of \$450,000 received in 2011.

Dr. Chris Mazza: I already spoke to that.

Mrs. Liz Sandals: No, because the first \$500,000 was in July 2010. It would appear there was another \$450,000 in 2011.

Dr. Chris Mazza: I understand. I'm saying, I spoke to that earlier. That was, in fact, an interest-bearing loan, that helped me with housing circumstances, yes.

Mrs. Liz Sandals: So it does add up to about \$1.2 million, in addition to the \$1.4 million.

Dr. Chris Mazza: My only disagreement with you was in characterizing them all as loans.

Mrs. Liz Sandals: Thank you.

The Chair (Mr. Norm Miller): Mr. Klees.

Mr. Frank Klees: Mr. Mazza, I'd like to pick up where Ms. Sandals left off.

First of all, with regard to the shifting of salaries to Ornge Peel—I believe that was the private sector company that you began getting paid out of. Is that correct?

Dr. Chris Mazza: Yes, sir.

Mr. Frank Klees: You said very clearly, earlier in your testimony, that it was Fasken's who advised you that the salaries that were paid out should not be disclosed. Do you recall that?

Dr. Chris Mazza: Yes, sir.

Mr. Frank Klees: When Ms. Lynne Golding was testifying under oath before this committee, she said this on this topic—and I'll quote from Hansard:

"Mr. Giorno and I did conclude that while Dr. Mazza was employed by Peel, he was not subject to disclosure of his salary under the act. Now, if I may, that wasn't the end of our advice. Our advice went on to say that Ornge should be aware that the ministry could, with the stroke of a pen, pass a regulation designating Ornge and its subsidiaries—Ornge was already subject to it, but its subsidiaries—as entities that would be required to comply. We also urged them to voluntarily disclose the salaries...."

That was Ms. Golding's testimony. Was she telling the truth?

Dr. Chris Mazza: As I've testified, I was aware that there was an opinion by Fasken's regarding the sunshine list. The issue was for my board of directors to debate. It was not within my purview to enter into that discussion or debate. It was an issue for compensation. It was an issue that affected me directly. I was not privy to the debate nor was I privy, Mr. Klees, to the details of the opinion. In fact, I stayed out of it. I was obviously in conflict; it was about me.

1020

Mr. Frank Klees: Ms. Golding went on to say that she suggested that Ornge obtain the consent of the ministry before shifting your salary and others over to the for-profit company. I'm assuming you don't know anything about that either?

Dr. Chris Mazza: No, sir. That would have been a decision undertaken by the board of directors, and that advice was being fed directly to the board of directors and the debate that occurred there.

Mr. Frank Klees: Given the fact that you provided this committee with inaccurate information earlier today, would you agree to withdraw the statement that you made that you received—

Dr. Chris Mazza: What inaccurate—

Mr. Roger Yachetti: Excuse me for a moment. Mr. Chairman, may I ask that Mr. Klees identify the inaccurate information?

Mr. Frank Klees: The inaccurate information was that Mr. Mazza made it very clear—

Mr. Roger Yachetti: Dr. Mazza.

Mr. Frank Klees: —that Mr. Mazza—sir, I will refer to Mr. Mazza as Mr. Mazza because, based on what I know about his track record, I am not prepared to use a very honourable designation in the context of this hearing.

The Chair (Mr. Norm Miller): Okay. We don't need to get into this—

Mr. Roger Yachetti: Step outside of these privileged circumstances and say that, Mr. Klees.

The Chair (Mr. Norm Miller): Please, if we could just continue with the question.

Mr. Frank Klees: The misinformation to which I referred was the fact that Mr. Mazza stated to this committee that it was on the advice of Fasken's that they withheld the information regarding his salary. That is not the advice. Ms. Golding very clearly said that while they don't have to, it was her recommendation that they do, and I don't think Mr. Mazza wants to leave that inaccuracy on the record. So I'm giving him an opportunity to withdraw or correct his statement.

Dr. Chris Mazza: Mr.—

Mr. Roger Yachetti: Excuse me, please. I'm still having trouble, and I'm sure the witness is having trouble, understanding what the inaccuracy is.

The Chair (Mr. Norm Miller): Do you wish to restate the inaccuracy, Mr. Klees?

Mr. Frank Klees: I'll say it one more time.

Mr. Roger Yachetti: Please.

Mr. Frank Klees: The record will show, when we have an opportunity to read Hansard, that Mr. Mazza made it very clear that it was his opinion that it was Fasken's who recommended that they not disclose the salaries. That is not true. Based on Ms. Golding's testimony, the advice was they don't have to; however, they recommended that they do, and they also recommended that they disclose to the ministry.

Dr. Chris Mazza: Mr. Klees, in answer to your question, I was only aware of the Fasken's opinion indicating that we did not have to disclose salaries from Ornge Peel.

Mr. Frank Klees: So you were not given the full opinion?

Dr. Chris Mazza: Mr. Klees, if I may finish: I was only aware of the fact that Fasken's indicated that we did not have to disclose salaries. I was not part of the debate

or the decision process around whether Ornge Peel would or would not disclose on the list. It was not within my authority nor within my purview to be part of such a debate. That is my recollection. It is not an inaccuracy, sir; it is my recollection, to the best of my ability.

Mr. Frank Klees: Who conveyed the information about Fasken's opinion to you?

Dr. Chris Mazza: I do not recall, sir. That was quite a long time ago. I do not recall.

Mr. Frank Klees: You know, for someone whose resumé is only larger than Mr. Rainer Beltzner's, and who had a reputation—I say “had” a reputation—of being an astute executive, a driver of a major corporation, as you put it, your memory is very questionable. I'd like to ask you: Is that a selective loss of memory?

Dr. Chris Mazza: Mr. Klees, I have been in a hospital with a medical condition for approximately three months. I've had a significant amount of difficulty with my health lately, which I believe is a matter of record at this committee. I told the committee that I would do the best that I can. I am not being selective on purpose. I am recalling and offering information to the best of my ability and will continue to do so.

I would prefer, though, Mr. Chairman, that I not be accused of withholding or incompetence based on my challenges with memory. It has been nine months—eight months—since I sat in chairs at Ornge. It has been around the same amount of time that I have not been able to look at anything from my past or my history. It has only been in recent weeks that I've been able to even read any of the material that I needed to read.

The Chair (Mr. Norm Miller): Very well, and I would ask members to be sensitive to Dr. Mazza's condition.

Mr. Frank Klees: Mr. Mazza, do you recall that it was you who actually advocated to route your salaries through Ornge Peel?

Dr. Chris Mazza: No, sir. Ornge Peel was not created to route my salaries through Ornge Peel. Ornge Peel was created to begin to deliver on the mandate of Ornge, which it was from its inception. It was not just my salary; it was staff that were moved into Ornge Peel. The idea was to begin to generate revenue, to begin to generate a revenue flow and business development that would inevitably allow us to improve the sustainability of the Ontario system. Our initial focus was on consulting. We were looking at various other endeavours, including tuition and education, and could not do that from the charity structure that we were in. This was not done to route my salary anywhere, nor would the board have approved that, sir. They would never have done that.

Mr. Frank Klees: No, of course not.

I would ask you this question: When did your board decide—because certainly you never made a request—that you should have a mortgage or a loan to buy a house? Did Mr. Beltzner come to you and say, “You know, Chris, I think you should have a half-a-million-dollar mortgage. We put it into your”—was that a

surprise when that showed up all of a sudden, that big loan?

Dr. Chris Mazza: I do take offence, Mr. Chairman, to the tone, but I'll answer the question. The board of directors knew that I was having significant challenges in my housing circumstance, and the compensation chair and the board chair offered that they might be able to assist me with an interest-bearing loan. That was how that occurred.

Mr. Frank Klees: How did the board become aware of your housing challenges?

Dr. Chris Mazza: I believe through regular conversation. I was in some distress. I don't remember who asked in an aside conversation how things were going. It was really that simple. They then came back to me and said that they might be able to assist me.

Mr. Frank Klees: A very sensitive board, indeed.

Mr. Mazza, does November 14, 2005, stand out in your mind?

Dr. Chris Mazza: No, sir.

Mr. Frank Klees: That was a day on which you and the esteemed chair of the Ornge board, Mr. Rainer Beltzner, signed the performance agreement with the former health minister, George Smitherman. You don't recall that?

Dr. Chris Mazza: Sir, I don't recall the date; I recall the event.

Mr. Frank Klees: Who else was present at the signing of that agreement?

Dr. Chris Mazza: I don't recall.

Mr. Frank Klees: Where was the agreement signed?

Dr. Chris Mazza: Mr. Klees, I do not recall. I presume it would have been at Queen's Park, but I cannot recall.

Mr. Frank Klees: Was there a celebratory event following that historic occasion?

Dr. Chris Mazza: Members of the committee: In 2005, there are black spots in my memory. I apologize to the committee for this, but I can explain that those black spots exist because my son died March 5, 2006. A lot of my memory stopped, and events previous became grey for me. I do not recall.

Mr. Frank Klees: In the time leading up to the signing of that agreement, did you make any commitments to George Smitherman regarding contributions to election campaigns or support for him in any way?

Dr. Chris Mazza: Absolutely not.

1030

Mr. Frank Klees: Was it ultimately George Smitherman, obviously, who made the decision to approve your proposal?

Dr. Chris Mazza: Actually, sir, it began in Mr. Tony Clement's office. It was during Mr. Clement's time as Minister of Health. I was introduced through some folks from Fasken's. Well, specifically, Mr. Blum introduced me to some folks at Fasken's. We then were enabled to meet with staff from the minister's office. The staff from the minister's office then allowed us to meet with the minister. We met with Minister Clement on a proposal to

move into an arm's-length organization. The minister suggested that he was supportive of the concept and would like to see us go forward on elucidating this with the bureaucracy. We then began to work towards that.

In March 2003, SARS came to Toronto, and nothing happened in health care for months afterwards. Then, there was an election. Following that election, we then tried to introduce ourselves to the staff of the new Minister of Health, George Smitherman, to bring the issue forward again. We were introduced to his staff; we made the position to the staff. We then made our way through to Minister Smitherman's office, who also liked the concept and asked us to work with the bureaucracy to bring the concept to fruition, and then we worked through 2005 to do so.

Mr. Frank Klees: Did you get any help in making those representations to the new health minister or the new government of the day?

Dr. Chris Mazza: I'm not sure what you mean. Can you clarify, please?

Mr. Frank Klees: Did you retain the services of a consultant or a lobbyist?

Dr. Chris Mazza: Well, no. We had already met with Guy Giorno and Lynne Golding at Fasken Martineau to talk about the concept, to talk about how it looked. I believe the meeting with the minister's staff was organized by Mr. Blum. I don't believe that we utilized a lobbyist, but at the time, that would not have been inappropriate, by my recollection. I just don't think that we did.

Mr. Frank Klees: Mr. Mazza, this is the cabinet document, dated November 15, 2004, that was used to try to convince cabinet to accept your proposal. When that went to cabinet, did you get any advice in terms of lobbying other cabinet ministers or the Premier?

Dr. Chris Mazza: This is 2004?

Mr. Frank Klees: Yes, which is when the proposal went to cabinet. George Smitherman was the minister.

Dr. Chris Mazza: Most of the issues surrounding the movement, through 2004 and through Minister Smitherman's tenure, were managed by, certainly, myself with the Minister of Health and his staff, making them aware; working with the bureaucracy, making them aware. I believe we were advised—I don't know whether it was cabinet—by the emergency health services branch folks to bring other ministries onside. I don't believe that we utilized a lobbyist to do that. I believe that folks at the emergency health services branch assisted us in that regard.

Mr. Frank Klees: I've arranged to have a copy of the original agreement, referred to as the performance agreement. It's at your desk. That agreement was subsequently negotiated after receiving cabinet approval, under the direction of George Smitherman. You must be intimately aware of that agreement, I would expect.

Dr. Chris Mazza: No, sir. I am not intimately aware of that agreement anymore. I am familiar with its principles. As a senior executive and leader running an organization such as I was, I was intimately familiar with

the principles, with the processes, but not the details of an agreement such as this or many others.

Mr. Frank Klees: Did you ever read the agreement under which you assumed responsibility for our air ambulance service?

Mr. Chris Mazza: Yes, sir. I read it back when we started. In sincerity, I then depended greatly on my executives in finance and in legal as well as the regulatory group to ensure that we were always meeting the compliance aspects of the contract.

Mr. Frank Klees: So then you'll recall that there are extensive references to quality assurance and improvement programs, standards of care, compliance and reporting obligations—

Mr. Chris Mazza: Yes, sir.

Mr. Frank Klees: —a comprehensive list of schedules, schedule K, which refers to performance indicators.

I'd like to ask you: Where in that agreement is there any reference to the creation of for-profit companies for the purpose of building up an international business?

Mr. Chris Mazza: The agreement is silent on any number of things. It is not a prescriptive agreement whereby it dictates every single element. What was clear and what was always clear is that our mandate was to improve the efficiency, the effectiveness, the safety and the sustainability of this program. What was also clear always was that the mandate—and the cabinet submissions would reflect that—including all that I have just mentioned, as well as increasing awareness, as well as generating revenue outside the tax base through fundraising and through for-profit initiatives. That is reflected in the documents that went to Management Board of Cabinet that I am aware of.

Mr. Frank Klees: You refer to cabinet documents. The cabinet documents that are tabled with this committee make it very clear that as they were reviewing their proposal to approve your proposal, one of the key principles was that oversight and accountability were central; that Ornge would always be accountable to the government of Ontario. Do you recall that?

Mr. Chris Mazza: I recall that oversight and accountability was a key component for the operations in Ontario, yes, sir.

Mr. Frank Klees: I'd like to ask you: At what point did Ornge depart from the intent of that agreement, which was to remain accountable to the government of Ontario, and at what point did Ornge decide that it no longer needed the approval of the government of Ontario to do as it chooses to do? At what point was that conscious decision made to ignore the terms of the actual agreement under which you assumed responsibility and you started to go off as a rogue organization to do your own thing?

Mr. Chris Mazza: At no point did this organization ever depart from the tenets of the performance agreement or compliance with the performance agreement. At no point did the organization Ornge stop informing, engaging and working with the ministries and informing

them and keeping them abreast of what Ornge was doing. At no point did we become a rogue organization.

Mr. Frank Klees: Chair, I'd like to borrow five minutes from my next round, please.

The Chair (Mr. Norm Miller): I believe that the other members are hopeful to stay on time. We went just a minute or a couple of minutes extra, so you have a couple of minutes.

Mr. Frank Klees: I'll take that. Where in that agreement was there any reference to a mandate siphoning \$8.7 million of public funds into the Ornge Foundation?

Mr. Chris Mazza: I'm not—

Mr. Roger Yachetti: Do you understand what the question is?

Mr. Chris Mazza: Yes. Mr. Klees, I'm not aware of the siphoning of money for—

Mr. Frank Klees: Well, let's use a different term.

Mr. Chris Mazza: Excuse me, sir, if I may finish. I'm not aware of "siphoning" any money. It's the term you wanted to use. Moreover, I am aware that in that particular transaction—I don't recall the details—ministry staff were made aware that the funds were being earmarked for information system upgrades and a number of other upgrades that were multi-year in nature and that this was an effective legal and appropriate means of doing it. The ministry accounting groups were informed. That issue was later looked at by the internal audit group of the Ministry of Finance. So, once again, Ornge did not do that unilaterally. Ornge began to look at doing that—it was in the interests of improving Ornge and Ornge systems and Ornge technologies—and then informed the ministry that it was going to do so.

1040

Mr. Frank Klees: Who was the Ministry of Health staff person who approved the transfer of \$8.7 million into the Ornge Foundation?

Mr. Roger Yachetti: Excuse me, sir: You said \$8.7 million, and earlier you said, \$7.8 million.

Mr. Frank Klees: It's \$8.7 million.

Dr. Chris Mazza: I don't recall, sir. It was taken on by my finance department and it was taken on by counsel.

Mr. Frank Klees: Where in the agreement did it authorize Ornge to float a \$275-million bond offering?

Dr. Chris Mazza: The agreement is not prescriptive, as I've indicated, sir. The agreement was that Ornge—the agreement indicates, in the context of the agreement, in the overall aspects of the agreement, that Ornge was to improve on the operational and system effectiveness, efficiencies, safety and sustainability, and other aspects of providing this service to Ontarians in ways that it saw best.

Mr. Frank Klees: One last question—

The Chair (Mr. Norm Miller): And we'll move to the NDP, now, please.

M^{me} France Gélinas: Thank you.

Interjections.

M^{me} France Gélinas: All good?

Dr. Chris Mazza: Yes.

M^{me} France G  linas: All right.

You have said, when you last talked to me and answered my questions, that you had briefed four ministers. You started with Clement, then you briefed Mr. Smitherman, then you briefed Minister Caplan; you never had an opportunity to brief Minister Matthews, our current Minister of Health. When did you first meet—have you ever met Minister Matthews?

Dr. Chris Mazza: No, ma'am.

M^{me} France G  linas: Have you ever spoken with her?

Dr. Chris Mazza: No, ma'am.

M^{me} France G  linas: All right.

Let's look at the final few days or weeks at Ornge. We had started the year 2011 with an extensive briefing. The briefing was received by numerous ministries of this government—well received, encouraged to continue; you were on the right track. The corporate structure allows opportunities for the people of Ontario—there's even maybe opportunities for the government to invest into some of the corporate structure you're putting together. Things are doing pretty good.

When did you have an inkling that things were not good?

Dr. Chris Mazza: I first had concerns that things were not good when Mr. Klees brought questions to question period in the spring of 2011, I think it was.

M^{me} France G  linas: In 2011.

Dr. Chris Mazza: Mr. Klees had significant concerns that he was tabling. I was disappointed in the answers that were given on the floor of the Legislature to Mr. Klees's questions, and I was confused, because it was my impression and understanding that Mr. Klees's questions should have been able to be answered.

I remember going to my corporate communications VP and saying, "I don't understand. Why aren't they answering?" At that point I made another offer to have a personal briefing so that the questions might be better answered, and I was told, through my VP of communications, that the briefing was not necessary, that the minister understood.

M^{me} France G  linas: And did you question, like, what did she base this on? She told you that the minister understood and she knew this—

Dr. Chris Mazza: And didn't need our briefing.

M^{me} France G  linas: She didn't need your briefing.

Dr. Chris Mazza: And that was all I was told. I suppose, then, that I allowed my concern to settle and continued to go forward. My concern didn't rise again—again, because I was told, "We understand, and there's no need to come in and do a briefing."

My concern began to rise exponentially when the minister's comments appeared with Mr. Donovan's articles. I couldn't understand what appeared to me as the comments. I didn't understand how that could have occurred. That was when I became concerned.

M^{me} France G  linas: Did the Minister of Health contact you at the time—

Dr. Chris Mazza: My illness had been deteriorating. From August of that year, I'd been struggling, and certainly by December I was having a very difficult time. My chairman, as well as two of my executives, undertook to meet and engage with the minister at that point in time, and I went on leave shortly thereafter. So that meeting would have occurred between my chairman and the minister.

M^{me} France G  linas: Did anyone ever ask you to resign?

Dr. Chris Mazza: No.

M^{me} France G  linas: Your work was terminated because Ornge Global was terminated?

Dr. Chris Mazza: I was pretty sick at the time. I found out—

Interjections.

Dr. Chris Mazza: I was pretty sick at the time. I discovered from my family that the newspapers had said that Ornge Global was bankrupt and I was terminated as a result of bankruptcy. I didn't actually even receive a phone call.

M^{me} France G  linas: All right.

Dr. Chris Mazza: I found out from the newspaper that it was due to bankruptcy.

M^{me} France G  linas: Do you believe that Ornge Global was bankrupt?

Dr. Chris Mazza: I don't know that my opinion or beliefs are relevant here. I do know that, to my understanding, in December, when I asked my vice-president of finance, who was managing all aspects around Global, what was left in terms of amounts and what our burn rates were, it was my understanding that there was still approximately \$4 million, and that we would be able to deal with the press issues, correct the misinformation and successfully complete the private placement and go on with what we hoped would be something good for Ontario and the patients. So I think I'm answering your question.

M^{me} France G  linas: Yes, you are. You had this vision of having the for-profit leverage some of the knowledge and skills in air transport, and that the for-profit would benefit the people of Ontario. Until your very last day at Ornge, that's what you tried to do, and the ministry knew and supported it.

Dr. Chris Mazza: That is my understanding, ma'am. I was motivated by—in 2005, the death I spoke of, the young boy, affected me deeply. There had been many other deaths in my career as a transport medicine physician that affected me deeply. The triage that I engaged in almost every day as a front-line physician, trying to tell people who could have what resource, knowing that the person who wasn't going to get the resource was going to be damaged, was going to be hurt—and yet there weren't enough resources. Those motivations were strong in me.

In 2005, before we were going forward, the chairman asked me if there was enough money in the funding to actually engage in this service, or were we taking something that was destined to be a monkey on our backs, so to speak. So I engaged, actually, a small set of cohorts in

a study that demonstrated that there were potentially 8,000 persons per year that we weren't getting to in a timely or effective fashion. That was frightening. The number 8,000 was not an accurate number; it was approximate because we could only take cohorts and then statistically expound upon them.

1050

But we knew that there was a significant problem. We knew that resources were hard to come by. We knew that health care was already a massive problem for the government. So we came up, as a group, with an idea to generate revenue outside and find ways to bring that revenue back and use it to increase capability, to increase infrastructure and, in our hope, to address what we referred to often at Ornge as the gap. We believed that it was there. Our doctors believed that it was there because they faced it every day when they were triaging.

So yes, ma'am, up until December, I believed that everything we were doing was positive and was going to return dividends.

M^{me} France G  linas: So what do you figure went wrong?

Dr. Chris Mazza: I don't know. To this day, I don't know.

Mr. Jagmeet Singh: I have some questions. The member from Guelph, Ms. Sandals, raised a number of concerns about your compensation. I want to help and perhaps get your assistance in clarifying some of these points.

Did the Ministry of Health, the government, at any point in time before today express any concerns to you directly about your salary compensation?

Dr. Chris Mazza: No, sir.

Mr. Jagmeet Singh: Does it seem curious to you now that they seem so concerned about your salary compensation, when, throughout your tenure at Ornge, the Liberal government did not make any direct inquiries to you regarding your compensation?

Dr. Chris Mazza: A number of things seem odd to me now, that amongst them, particularly when it was evident from 2007-08 onwards that we were not on the sunshine list and that the audit that had been done was clear that Peel was not on the sunshine list. So yes, that's odd.

It has also been mystifying to me that the very mandate, the very concept of Ornge, the issues about the gap, the very issues that we were trying to get at, the very issues of generating revenue—it's as if it's a surprise now, yet it was something that we were informing everyone of on an ongoing basis.

Mr. Jagmeet Singh: Just touching on your last point: It was very clear that you had advised and the Ministry of Health knew that you would no longer be on the sunshine list. Did they express any concern when you had advised them of that or when Ornge had advised of that new step?

Dr. Chris Mazza: Not to my knowledge, no.

Mr. Jagmeet Singh: Were any of those concerns ever provided to anyone at Ornge in any written format, or any requests made whatsoever?

Dr. Chris Mazza: Not that I'm aware of.

M^{me} France G  linas: You did say that you were not the one briefing the Ministry of Health; it was done through your chair, through Mr. Apps and sometimes through Mr. Lepine—

Dr. Chris Mazza: Actually, it was those three consistently. Do you mean in terms of the reorganization elements? Yes, ma'am.

M^{me} France G  linas: When I look at it, it seems very complicated and very complex. Why so many entities? I get the concept that you wanted to set up a for-profit so that the profit comes back to address the gap and to do better and to help people. But why did it go from Ornge Global to everything else on that corporate structure? It is hard—

Dr. Chris Mazza: It's a question I asked, myself, ma'am. When it started, it became increasingly frustrating to me that all of these different elements had to exist.

I would provide two things. One, I think the Apps document that has been provided to the committee quite eloquently deliberates and defines the legal, financial, accounting and other reasons behind it. It also speaks to some of the more appropriate operational, structural reasons.

I think it's important to reflect on the fact that when Ornge started, it was a not-for-profit but not a charity. One of the first structural issues was, "Hang on a second; we can't actually raise money in a foundation unless we're also a charity," and so then you had the charitable issue come into play. Then you had a number of regulatory issues associated with the medical aspects of our function and you had regulatory aspects associated with the aviation aspects of our function.

I think that in trying to put the not-for-profit, the performance agreement, the charitable and the for-profit and all of the different other regulatory issues—you come up with the structure you come up with.

I do know that the structure was delineated after exhaustive debate by the board of directors with counsel—

M^{me} France G  linas: That's Mr. Apps?

Dr. Chris Mazza: Mr. Apps, but the board of directors also had its own independent counsel. I don't remember the name of the firm, but they had their own independent counsel.

I do know that the structure had exhaustive review by KPMG, the auditors. I do know that PwC was involved. There were a tremendous number of people far brighter than I in matters of corporate structure, corporate finance and the legalities inherent, and I accepted that that was what was appropriate in order to get the job done.

Interjection.

Dr. Chris Mazza: Apps was corporate counsel. Cindy Heinz had become Ornge counsel. So Apps and Heinz led the deliberations, but really, Apps and others at Fasken's. Actually, it wasn't even just Apps; there were a number of folks at Fasken's who contributed, because there were different specialties required.

M^{me} France G  linas: Did you ever meet with our Premier, Mr. McGuinty?

Dr. Chris Mazza: Yes, ma'am.

M^{me} France Gélinas: When was that?

Dr. Chris Mazza: I really apologize that I keep having to say this, but I don't recall—

M^{me} France Gélinas: Just tell me what you recall of it. Was it a fundraiser? Was it at night? Was it in Toronto? Was it—

Dr. Chris Mazza: I met Mr. McGuinty formally at a fundraiser in Toronto that I was brought to by Fasken's. I was introduced. I went through, in the five minutes or so that I had with the Premier, the concepts of Ornge at a high level, and focused on generating revenue outside the province of Ontario to improve sustainability, effectiveness etc., so generating money outside the tax base to improve a system that is antiquated and in trouble. I talked about all of the ideas that we had for improving it here; I talked about fleet renewal.

I met the Premier again, in an informal way, at a deployment of the emergency medical assistance team which I created following SARS. It was deployed for the Kashechewan evacuation; I don't remember the date, but the Kashechewan evacuation I remember. I spoke to him for some time there—more than five minutes.

I had met the Premier maybe once or twice after that, at events that I was not involved in where he may have said hello.

M^{me} France Gélinas: You never had dinner with him or anything?

Dr. Chris Mazza: No, ma'am.

M^{me} France Gélinas: But you know who he is and you've talked to him.

Dr. Chris Mazza: Yes, ma'am.

M^{me} France Gélinas: The most formal of all briefings was the five minutes you spent with him explaining the outside-of-Ontario for-profit coming back as well as the aviation—

Mr. Roger Yachetti: It wasn't five minutes. I think he meant to imply "more than five"—

Dr. Chris Mazza: It was more than five minutes.

M^{me} France Gélinas: How long would you say?

Dr. Chris Mazza: Which one was this? The Kashechewan?

M^{me} France Gélinas: No.

Dr. Chris Mazza: The fundraiser. Probably on the order of 10 to 15 minutes. It was for 15 minutes.

M^{me} France Gélinas: Fifteen minutes briefing him. And that was arranged as a one-on-one during a function, or were there a lot of people listening in, or—

1100

Dr. Chris Mazza: No, it was sort of an opportunity that had presented for me to go to a corner and talk.

M^{me} France Gélinas: Okay, and Mr. Apps had helped arrange that? You were a guest of Mr. Apps?

Dr. Chris Mazza: I was a guest of Mr. Apps but, no, it was my job to—the Premier had moved into an area where there was nobody. At that point, Mr. Apps introduced me, and then I spoke.

M^{me} France Gélinas: You went on and said what you had to say.

Dr. Chris Mazza: Yes, ma'am.

M^{me} France Gélinas: Do you recall meeting with Minister Smitherman?

Dr. Chris Mazza: Yes.

M^{me} France Gélinas: How were those meetings arranged?

Dr. Chris Mazza: The first meeting I had, I don't remember whether it was myself who made the call or one of my staff, but I met with his director of policy at the time, Ken Chan. That was my first meeting, and then I had another couple of meetings where I had to present the ideas. Then I was working with the bureaucracy on bringing forth the appropriate concepts and ideas, and then I met with the minister and his staff to brief him. That was when we started working more completely on the documentation and the issues and the analysis that would be required to move forward.

The Chair (Mr. Norm Miller): You have about two minutes.

M^{me} France Gélinas: Okay.

You knew that Mr. Apps was connected to the Liberal Party, did you?

Dr. Chris Mazza: Actually, ma'am, I'm somewhat apolitical and I actually did not know that until much later. I suppose saying that he was connected to the Liberal Party—I knew he had Liberal leanings. I did not realize until much later that he had formal involvement with the Liberal Party, no. He was brought to my attention through Cindy Heinz for his corporate legal capability. That was how I got to know him.

M^{me} France Gélinas: Did he ever offer to help connect you with staff in Minister Smitherman's office or with Minister Smitherman? Because we have an email that I will read to you. It's from Mr. Apps:

"Last night worked perfectly. Chris was able to make a real connection with the Premier." I take it this is the meeting you just shared with us?

Dr. Chris Mazza: Yes.

M^{me} France Gélinas: "I will organize a private dinner for Chris with the Premier so he can outline the vision and game plan in greater detail." I take it that this dinner never actually happened?

Dr. Chris Mazza: No.

M^{me} France Gélinas: But do you believe that he had the capability to arrange such a dinner or such a meeting?

Dr. Chris Mazza: Do I believe that he had the capability to do it? I suppose he could have; he didn't.

I don't actually recall that email. Was that sent to me?

M^{me} France Gélinas: It's okay. We've received binders that thick of emails he sent you, so if you forgot one I'll forgive you.

Dr. Chris Mazza: Yes, I don't actually recall that. So I'm not sure of the question. Did I think he could arrange that? I don't really know. He didn't.

The Chair (Mr. Norm Miller): And if you could wrap up, please?

M^{me} France Gélinas: Okay, my last question. If you went to Mr. Apps and said, "We really need to get to Minister Smitherman," would he be helpful in—

Dr. Chris Mazza: He was not involved in anything to do with Mr. Smitherman.

M^{me} France Gélinas: No?

Dr. Chris Mazza: No. We were able to do that on our own because Ken Chan and the policy people in the office loved the idea. So, no, we didn't need any help with that. We didn't ever really go to Mr. Apps to say, "Get us in touch with" anybody. He was corporate counsel. If anything, we would go to Mr. Apps and say, "How do we approach this? How do we pursue this? What do we need to do here? Who do we need to talk to to get the right approach, the right information, and make sure that this is being done appropriately?"

The Chair (Mr. Norm Miller): Thank you very much. We'll move on to the Liberals. Mr. Zimmer.

Mr. David Zimmer: Thank you very much. I've listened to your evidence so far this morning, and it does come across, in the first instance, as someone who had a very objective commitment to improving air transport medicine, that you had an objective and, indeed, a detached view of corporate structure and corporate governance. In fact, in things like your own compensation, you said you did not personally intervene, that those decisions were made by the compensation committee. They fixed your salary. You said that that's how it should be, that you would have a conflict in participating in your own salary level, so you dealt with that all at arm's length, and that you were cognizant of matters of corporate governance and the role of the CEO not to involve him or herself in events that place the CEO in a conflict. I got the impression that you were very careful not to personally intervene as the CEO in any inappropriate way.

But there is another element here, in fact, where I think there was a personal intervention, and that involves the matter of one Kelly Long. On May 12, Kelly Long—who I understand was your girlfriend or partner—testified that the two of you met while she was an operations manager at a sports club in Ontario, and you were a guest of the club. Is that how you met her?

Dr. Chris Mazza: I was a member of the club. She was the manager of the ski club.

Mr. David Zimmer: When you met her, what position did you hold at Ornge?

Dr. Chris Mazza: I believe at that point I was the CEO of Ornge.

Mr. David Zimmer: At about that time, did you start—

Dr. Chris Mazza: Actually, Ornge didn't exist, so I would have been working at the Ontario air ambulance base hospital program at Sunnybrook.

Mr. David Zimmer: Subsequent to meeting her, you started to date and go out and developed a personal relationship?

Dr. Chris Mazza: I had a friendship with Ms. Long.

Mr. David Zimmer: Was it a romantic relationship?

Dr. Chris Mazza: I'm not sure that that's relevant. I had a friendship with Ms. Long. What is relevant as regards Ms. Long is that when I developed a relationship

with Ms. Long, I declared my relationship to the vice-president of human resources. I subsequently declared, under her tutelage and guidance, my relationship to my board chair and, eventually, to the executives that Ms. Long worked with and that I worked with.

Mr. David Zimmer: When did you engage Pathway, which is a government relations firm, to provide services to Ornge?

Dr. Chris Mazza: I don't recall the date. I remember that the Pathway Group was involved with us from an early time. I had been introduced to Mr. Mitchell, and we were involved in trying to improve our community presence. He had a particular ability in that regard.

Mr. David Zimmer: So Kelly Mitchell, a self-identified Conservative activist, was one of the principal lobbyists at Pathway Group. Is that correct?

Dr. Chris Mazza: No, that's not correct. I didn't meet Mr. Mitchell as a self-identified Conservative activist. I met Mr. Mitchell as someone who had a tremendous number of community connections in the north and had a tremendous amount of ability in working with aboriginal folks as well as any number of other issues that I was involved in at the time.

Mr. David Zimmer: But Kelly Mitchell provided services to Ornge through the offices of Pathway?

1110

Dr. Chris Mazza: In those regards, yes. But not as a lobbyist.

Mr. David Zimmer: All right. But his fees and Pathway's fees were paid by Ornge. Pathway was hired by Ornge.

Dr. Chris Mazza: From a very early point on in Ornge's work, yes. We were doing community work. They were small projects.

Mr. David Zimmer: We understand that around October 2005, the evidence of Ms. Long and Kelly Mitchell was that you asked Mr. Mitchell at Pathway to hire Ms. Long. Is that correct?

Dr. Chris Mazza: No, that's not correct. I'm not aware that Mr. Mitchell gave evidence in that regard. I did make an introduction. It's not unusual for me to meet people and offer to make introductions.

I was approached by Ms. Long at the end of 2005 regarding career interests and possibilities. She was a York University grad, she was an English teacher, she was managing a ski club. She struck me as an articulate and intelligent lady. She asked me at the time, I believe, if there were opportunities at Ornge. I indicated that I was not aware and did not really involve myself in that but that she could check the website. I did offer to make an introduction to a colleague who was in the areas that she was saying that she was interested in: communications, public relations and the like—

Mr. David Zimmer: Were you—

Dr. Chris Mazza: Excuse me—and I made that introduction.

Mr. David Zimmer: Were you in a relationship with her at that time?

Dr. Chris Mazza: She was a friend.

Mr. David Zimmer: Was she a girlfriend?

Dr. Chris Mazza: She was a friend. I was married.

Mr. David Zimmer: We've also learned that once she eventually got hired by Pathway, her salary, according to her evidence, was around \$58,000. Do you know that to be correct?

Dr. Chris Mazza: No, I don't know.

Mr. David Zimmer: The evidence from Mr. Mitchell was also that Pathway was reimbursed an amount equal to \$58,000 by Ornge to cover her salary.

Dr. Chris Mazza: That's not my recollection. As I recall, we were involved in working with the Pathway Group. I had made the introduction. It is my understanding that Mr. Mitchell hired Ms. Long of his own accord and with his own oversight, as would be appropriate for—

Mr. David Zimmer: Look, I don't want to put too fine a point on it, but the evidence—

Dr. Chris Mazza: If I can just finish.

Mr. David Zimmer: All right.

Dr. Chris Mazza: That is my understanding and my recollection. If I can go further and say that we were also looking at increasing our activity in the community specifically related to working with aggregate companies to increase our landing pads—we had a shortage of landing pads for our scene response activities. This was something that Mr. Mitchell's firm would be well suited to, particularly with his background in natural resources. He had already made a decision to move Ms. Long. She became a very cost-effective means of addressing that project, more cost-effective than one of Mr. Mitchell's senior partners. As I understood it and as I recall, it also came along with the ability to have Mr. Mitchell's oversight involved.

Mr. David Zimmer: The evidence that we heard previously—and I'll summarize it—was that the \$58,000 salary that she was getting at Pathway was offset by a payment to cover her salary, and that was the nature of the arrangement with Pathway and Ornge regarding Ms. Long.

Dr. Chris Mazza: That is not my recollection. My recollection is Pathway's work increased regarding the aggregate work that we were doing. Pathway was particularly suited to that aggregate work. I don't have anything further to add to my answer.

Mr. David Zimmer: Ms. Long joined Pathway from the fitness club very shortly after, as you've said. She seemed to have some very senior responsibilities. What, in your view, were her qualifications?

Dr. Chris Mazza: As I said, Ms. Long was a very articulate and intelligent lady. Ms. Long was a York University graduate with a degree. She also taught English. She was managing—it wasn't a fitness club; she was managing the water ski club. I was struck that she had substantive abilities. As I said, as a young university graduate, she certainly already had some credentials to that effect.

Mr. David Zimmer: So she joined Pathway in October 2005; in December 2006, she moved over and joined Ornge. Is that correct?

Dr. Chris Mazza: I don't recall the dates. During her time working on the aggregate project, which was a very important project for Ornge, there was a tremendous volume of work that was done on that, but it was a short-term project—

Mr. David Zimmer: When did she join Ornge?

Dr. Chris Mazza: Again, can I—

Interjection.

Dr. Chris Mazza: I don't recall. The aggregate project was a very important project and it required a significant volume of activity. We were very pleased with the direction it was going. During her time on that—it was a short-term project, though, and I believe that during her time at Ornge she became intrigued and interested in Ornge and the culture at Ornge, and a position came up. She applied for that position, competed for that position and won that position.

I was not involved in the selection. I was not in the interview process. It was not uncommon at Ornge—we believed very much in word of mouth, bringing talented people into the organization, and that sometimes meant that there were friendships. Human resources oversaw those issues very strictly, and so if there were even friendships, you were not involved in selection and/or interviewing or the decision process.

Mr. David Zimmer: If I told you that she joined Ornge in December 2006, would you disagree with that?

Dr. Chris Mazza: If that's what you've got, then, no, I would not.

Mr. David Zimmer: Did you provide a recommendation to the personnel department at Ornge to hire her?

Dr. Chris Mazza: Not that I recall.

Mr. David Zimmer: Do you recall if you were asked your opinion of her skill set?

Dr. Chris Mazza: I think she'd already had an opportunity at that point to demonstrate her skill set, sir, in working on the project that she was working on.

Mr. David Zimmer: So she left Pathway at a salary of \$58,000, joined Ornge at a salary of \$60,000—that was the evidence—and quickly advanced to the position of associate vice-president a few years later at a salary of \$120,000, and I think there were also some bonuses and so on there. Are you aware of that?

Dr. Chris Mazza: I'm aware that Ms. Long worked very hard at the organization, and I believe that the VP of human resources would corroborate that. I believe that she achieved all of her projects with a great degree of attention to detail. She was articulate, timely; she was a very, very hard worker. She impressed her direct reports, and any advancement she made, I can assure you, was on her own.

Mr. Chairman, I realize that the optics of that particular circumstance are not good, but I can assure the committee that Ms. Long worked her way through Ornge, and anything that she achieved at Ornge, she achieved on her own. I did not influence her promotions

and I did not influence nor was I involved in her hiring. I did not force her through the organization. Again, she worked her own way through, and I believe that, again, the former VP of human resources would corroborate that.

Mr. David Zimmer: But you were in a relationship with her during this period?

Dr. Chris Mazza: No, sir. I did start a relationship with Ms. Long. I don't recall the date. I did start a relationship. What I do know is that when I started the relationship with Ms. Long, I declared said relationship to my VP of human resources. My VP of human resources then guided me through declaring that relationship to my board chair, and subsequently to my executive. My board chair and my VP of human resources had no concerns and no issues, and I urge you to—my VP of human resources would corroborate that I was assiduous in that, that I did not involve myself in decisions surrounding her, and that was why I declared conflict to the VP of HR. In addition, my chairman of comp was aware. 1120

Mr. David Zimmer: Here's a quote from a previous witness, Mr. Tom Lepine, and I'm quoting from the Hansard record.

Dr. Chris Mazza: Yes, sir.

Mr. David Zimmer: The introduction to the—I'll read the quote in a second, but the gist of his evidence was that Ms. Long's employment at Ornge created issues with respect to other managers.

Here's what he said in Hansard: "I think Kelly had more of a direct route into his"—Dr. Mazza's—"office than any of the other executives. In other words, if anybody said something contrary to what Kelly believed, chances are, you wouldn't be with Ornge for very long."

What is your reaction to that thought of Mr. Tom Lepine?

Dr. Chris Mazza: I find that very disappointing and somewhat offensive, to be honest, Mr. Zimmer. Nothing could be further from the truth. That may have been Mr. Lepine's perception, and I'm very sad that that is his perception.

Performance at Ornge was managed under human resources with very, very assiduous attention to the values that Ornge held. If an individual was not performing or their performance was in question, then the direct report of that individual would work with human resources to often come up with a mediation process, assistance etc. People were not just dismissed, nor did I ever take on that authority or approach; direct reports did. So that's the first point that I'm offended by, and saddened.

It is sometimes not unusual, in my opinion, for executives to feel that junior staff sometimes have direct lines to the CEO, which they resent. Mr. Lepine also resented the fact that the president of the union had a direct line to me, and other paramedics had direct lines to me. Perhaps that led to some statement like that. The reality is, I always tried to have some attention to people in the front line who were not my executives so that I could keep a hand on the pulse.

The Chair (Mr. Norm Miller): You have two minutes.

Mr. David Zimmer: All right. In the corporate structure, her title at Ornge was associate vice-president. Associate vice-president in a corporate structure means that the associate vice-president reports to the vice-president, and the vice-president reports up to the CEO. So how was it that the associate vice-president seemed to have direct access to you without going through the office of the vice-president?

Dr. Chris Mazza: As I've said, sir, she did not have direct access to me on matters of business. What I said when I answered your question was that it may have been the perception of the executive who made the comment—

Mr. David Zimmer: What would give rise to that perception?

Dr. Chris Mazza: I was trying to answer that, sir, by saying that that perception is because I was often trying to feel the pulse in the front lines, not with Kelly or anybody specifically.

I think it's important to note that when I started a relationship with Kelly, it was very important to us to keep that relationship non-business. That was important for my sanity, if nothing else.

There were many, many things, Mr. Zimmer, that I was not aware of that I am now, having been away from Ornge for nine months, finding out, and also finding out that Kelly was aware of. Our conversations did not include business.

As I've already indicated, I'm saddened and offended by Mr. Lepine's thought. I wish I understood why he thought that, but there's certainly nothing in my experience or understanding that should have led him to think that. I have nothing—

The Chair (Mr. Norm Miller): If you've finished your answer we'll move to the opposition.

Dr. Chris Mazza: Yes, sir.

The Chair (Mr. Norm Miller): Mr. Klees?

Mr. Roger Yachetti: Excuse me, Mr. Chair. May I inquire whether you have in mind a short break at all this morning?

The Chair (Mr. Norm Miller): We have just 35 minutes left till noon, and you have an hour break then, as long as Dr. Mazza is doing okay. Dr. Mazza?

Mr. Roger Yachetti: We can proceed.

The Chair (Mr. Norm Miller): Mr. Klees?

Mr. Frank Klees: Thank you. I'd like to deal with the issue of government oversight of Ornge. We referred earlier to the performance agreement under which Ornge was mandated to deliver the air ambulance service, and we discussed the extensive references and very prescriptive requirements that Ornge had to maintain quality assurance, to report to the ministry, to ensure that proper training was in place and to ensure that the proper communication system was in place. You would agree with me that that was really the cornerstone of that agreement, because at the end of the day, that quality delivery of emergency services was paramount. Do you agree with that?

Dr. Chris Mazza: Yes, sir.

Mr. Frank Klees: When the Auditor General tabled his report on March 21 of this year, he said this: “Ornge is a textbook example of what happens when the government doesn’t get the information it needs to properly do its job.” Again, I’m quoting from the Auditor General’s statement when he said that seeking cabinet approval for the transfer of Ontario’s air ambulance service to a corporate service provider—the ministry said that an essential part of its oversight responsibilities would be to obtain and evaluate performance information from Ornge. You would agree with that. That was understood, I think, by all parties to the agreement. Do you agree with that?

Dr. Chris Mazza: Yes, sir.

Mr. Frank Klees: The Auditor General went on to say, “We concluded that the ministry did not meet these oversight commitments.” Would you agree with the Auditor General?

Dr. Chris Mazza: Sir, I think I’ve answered that I feel that the ministry worked to the best of their ability to provide oversight according to the performance agreement.

I think that what is often missing in this analysis is that in 2006, when Ornge took on management of the system, there was no management information system. There were no metrics. The data was antiquated. Much of the work that Ornge was, and continues to be, engaging in is trying to find the appropriate means of capturing the right metrics and evaluating said metrics, such that the organization can more strategically manage its future.

I think that, given the state of data and the state of data capture and the ongoing work in that, the ministry and the performance agreement were managing to the best of what existed.

Mr. Frank Klees: But establishing that information database was part of the requirement of the performance agreement. You received millions of dollars, transferred to Ornge, for the very purpose of establishing—

Dr. Chris Mazza: Yes, sir, and we were in the process of establishing it. We were working extremely hard on establishing it.

We had already replaced the communications systems from analog to digital in the communications centre, which went a long way. We had introduced software in the company, SAP software, that was trying to tie in to the communications centre and finance data that would be accumulated there as flights were dispatched. We were attempting to introduce optimization in linear programming to better allow us to strategically manage flights as opposed to just hand-manage the flights or paper-manage the flights.

We were in the process of introducing electronic, in-the-field, direct capture, which is an exceedingly difficult task, but one that pays huge dividends in terms of capturing the right information and allowing strategic decisions to be made. All of these projects were under way and were requiring inordinate time and effort on our part.

1130

Mr. Frank Klees: Since 2005—it’s now 2012.

Dr. Chris Mazza: Sir, actually Ornge did not take over services until January 2006, and in January 2006 we were dealing with green screens and DOS-based programming in the communications centre. We were also dealing with server systems that had 2% memory remaining and crashed. We were dealing with server systems that actually didn’t have any schematics associated with what they were connected to. We were dealing with an antiquated physical plant and the entire IT infrastructure.

Mr. Frank Klees: What was the investment that Ornge made in that communications system?

Dr. Chris Mazza: I don’t have that data in front of me, nor do I have access to that anymore. I cannot recall.

Mr. Frank Klees: Can you give us an estimate?

Dr. Chris Mazza: No, sir, I cannot.

Mr. Roger Yachetti: Are you asking for dollars, Mr. Klees?

Mr. Frank Klees: Yes.

Dr. Chris Mazza: I can’t recall. It was a substantive project. It was a significant, multi-year project and it was a huge part of Ornge’s strategic planning to increase and improve that backbone.

Mr. Frank Klees: Well, sir, I would have thought, given the central importance of the communication and dispatch system, that as the CEO, you would have known what the status of that project was on a week-by-week basis and certainly would have known how much was allocated to it. However, we’ll move on.

Dr. Chris Mazza: I think, sir, I would have known eight or nine months ago when I was receiving regular reports from my staff and when I was still involved at Ornge and still very much a CEO of Ornge. It’s been nine—

Mr. Frank Klees: What was the number eight or nine months ago?

Dr. Chris Mazza: Again, having been in hospital, having had a substantive impact to my health, I’m not able to recall those facts, sir.

Mr. Frank Klees: Okay. Since day one of these hearings, we’ve heard from the minister, we’ve heard from deputies, assistant deputy ministers and directors who have told us, all from the same hymn book, that the leadership team at Ornge that was solely responsible for the things that went wrong is to be blamed for the things that went wrong.

Here’s what health minister Deb Matthews had to say when she was confronted about the lack of oversight: “We found...very serious problems at Ornge. When those problems came to light, we took decisive action. What have we done? We have replaced the leadership at Ornge. We have a new CEO in place.”

And again, before this committee on March 28, she assured us that “Ornge is now on the right path...but there were serious problems under the former leadership.”

Here's what the Premier had to say: "We've replaced the CEO; we replaced the board."

Sir, how did it come about that you and your leadership team could get away with all of these mismanagements of our system and that now, in retrospect, the health minister and the Premier condemn your leadership? How did that happen?

Dr. Chris Mazza: I don't know the answer to that, sir. I do know that the Premier—I would assume—but certainly the Ministry of Health and Long-Term Care and the minister were aware and informed at all times of the various things that we were doing, always.

I am not clear at all as to how, suddenly, the leadership at Ornge is at fault when during my requests for meetings with the minister to introduce myself and to introduce my concepts, the board's concepts, Ornge's issues, I was told there was no need because there was confidence and comfort in what we were doing based on how they were continually informed. So I don't know the answer to your question, how, suddenly, a leadership team that as recently as spring of 2011 and even as recently as my chairman's meeting in early November—we were informed that they were still supportive of everything we were doing and our leadership team's activities. I do not have an answer.

Mr. Frank Klees: You're aware of the fact that when questions were raised based on information that we received—in fact, I recall well when I raised the first questions in the Legislature. The minister's response was that all is well. When I asked her to look into it, she assured us that all was well.

As those questions continued to be raised in the Legislature, we then started to hear from the minister that she was lied to by the leadership at Ornge. When we challenged the minister to step in and intervene, she told us that she could not intervene, that because of registrations, because of incorporations, because of a failure of the performance agreement that we've just discussed, she didn't have the authority, she didn't have the ability, to intervene.

I'd like to ask you this question—and I refer back to a comment that you made earlier. I believe you said that had you received a call from the minister or anyone in the ministry to say, "What you're doing is wrong, and we don't like the direction that you're going," you would have complied with that, because, at the end of the day, as you say, they are your primary customer.

Dr. Chris Mazza: Not only were they our primary customer, Mr. Klees, but they were our entire motivation for doing everything that we were doing. There was no other motivation. That was my adult life's work. I wanted to fix what I saw that was broken. I wanted to fix it for a long time. It had nothing to do with other things; it had to do with wanting to make it right and make it work for patients.

So if they had said to me at any time, "No"—"Yes, ma'am," or, "Yes, sir," and it would have changed. That is my absolute truth at my core.

In addition, I am not aware that at any time anybody lied to the minister. I never had any conversations with the minister. I certainly cannot imagine for the life of me that my chairman would have lied or that Mr. Lepine would have lied. That is not in their core.

I would also challenge the issue of not being able to intervene, even in a simple phone call. There's this issue of legal and the performance agreement, and you've heard from Ms. Golding and others that this actually was a robust document. There is an ethical-moral issue at stake, which says that of course they could say, "Stop," and you would stop. But I would also say that when people decided to stop, it certainly stopped fast. So I don't understand, really.

Mr. Frank Klees: We have a difficult time understanding that in this committee as well. Having been a former cabinet minister, there have been a number of occasions, I can tell you, when I as minister picked up the phone, spoke to a stakeholder and said, "Look, we don't like the direction this is going." There was never a circumstance where that stakeholder did not agree to sit down, have a discussion and work out a reasonable resolution.

So our frustration here as well has been that, having allowed Ornge to go down a certain path with full knowledge and full information, now that there are issues revealed that are questionable, it's very apparent that this government has circled the wagons and is throwing everyone else under the bus, including you, sir.

Dr. Chris Mazza: I have been naive in my understanding of how big the bus is that rolled over me, sir. I assure this committee that at all times in my efforts, I have only ever tried to do my very best for the patients and people of Ontario, and up until recently, it was my understanding that the ministers and the Premier—the government—supported me 100% and supported us 100% and were proud of what we were doing.

1140

Mr. Frank Klees: When you called the minister and asked for an opportunity to speak with her, you were not accommodated with a meeting. I'd like you take the opportunity now and tell us what you would like to say to the minister today.

Mr. Roger Yachetti: Which minister?

Mr. Frank Klees: Deb Matthews.

Mr. Roger Yachetti: Thank you.

Dr. Chris Mazza: I don't think I'd like to say what I'd like to say today, sir, but if I were to say what I would have said back when I was offered an opportunity, I would have done what I did with Minister Smitherman and with Minister Caplan. I would have gone through the history. I would have talked about the context. I would have said, "Here is where air transport medicine was. Here is what was wrong with it. Here are the challenges facing it now as we move into an even more disseminated population that is aging. Here is the massive challenge facing you now that we have a pure centre of excellence health care model, which means that we deliver patients to focuses. The patients don't get their

angioplasty in Parry Sound nor do they get it in many other communities around the province. We have a centre of excellence model.”

I would have said, “Minister, we have a massive challenge ahead of us. It is my belief, based on my study, that there are at least 8,000 persons—that study is further corroborated by a study that we had the Hay Group do. Yes, there are multiple challenges in the Hay Group study. The data was difficult to get, and data in health care now, particularly with PHIPA—privacy in health information—is extremely difficult to put together, but the empirical experience of this transport medicine physician and this front-line physician is that we’ve got triage going on every day, that we’re going to have more of it, and that, if I understand correctly what is happening, you don’t have a lot of money left.

“In fact, I understand that you have a deficit and that you’re struggling to deal with that deficit without cutting services. I respect everything you’re doing and I’m not going to come and put my hand out, Minister, and say, ‘Give me more.’ I’m actually going to say, ‘Here, I think I’ve got an idea.’ We can do this out there, and we can do this because we’re first movers in this, and people don’t understand that.

“We’re the only group on a global basis that understands that transport medicine is an economic efficiency for health care. It’s not a richness. It actually improves the economic analysis. It definitely improves morbidity and mortality of patients, and it improves the quality of care while at the same time decreasing the cost. We’re the only ones who have had the ability to get our heads around that because in this province, despite all that we want to complain about, in this country, we are blessed with the ability to have a single-payer system where we can bring a focus like Ornge, rather than in many places that I have worked, where it is multiple hospitals and multiple carriers.”

Those are things I would say.

I would go on, sir, but I understand I’m in your time.

Mr. Frank Klees: Let me ask—

The Chair (Mr. Norm Miller): You have two minutes.

Mr. Frank Klees: One last question for you: Had the minister said to you in that conversation, “Dr. Mazza, we have serious concerns about some of the issues at Ornge. For example, we have a serious concern about the level of your compensation, and we think that that compensation should be brought in line. I think we need to do some things that are going to clean up those areas that we have serious concerns about,” what would your response have been?

Dr. Chris Mazza: “Yes, ma’am.”

Mr. Frank Klees: Thank you very much.

The Chair (Mr. Norm Miller): We’ll move to the NDP then. Ms. Gélinas.

M^{me} France Gélinas: I just want to ask you—I know that you’ve been sitting there for close to three hours. I have another 20 minutes coming—

Dr. Chris Mazza: Feels like six.

M^{me} France Gélinas: Yes; six days, I suppose. If you promise me that you will be back after lunch, we could break for lunch early or I can go on with my 20 minutes, whatever you want.

Dr. Chris Mazza: Please, go ahead.

M^{me} France Gélinas: You’re good to go?

Dr. Chris Mazza: Yes, ma’am.

M^{me} France Gélinas: Okay. I think I will pick up where my colleague just left off. You felt that the ministry knew exactly what you were doing—more than “felt”; you knew that the ministry was fully briefed on what you were doing. They were supportive and frankly were proud of what was going on at Ornge. Had they asked you to change anything—your answer was quite telling: “Yes, ma’am.” That’s what you would have done. How can you explain that there was never a reach-out to you to try to save something that we should all be proud of?

Dr. Chris Mazza: I can’t explain that. I’ve never understood that. I didn’t understand when it started. I don’t understand. I cannot explain.

M^{me} France Gélinas: If you put yourself back in December, when the Toronto Star and Mr. Donovan started talking about your organization, the things that came out were on compensation. My colleague asked you about compensation. Had the ministry or anybody within the ministry’s office asked you to review compensation, you said yourself that you would have been open to this. Would your board have been open to that as well?

Dr. Chris Mazza: I believe so, ma’am. I say this because there is, aside from the ethical and moral issues that my board felt strongly about with relation to its work for the ministry—I think the board and the executives were also very aware of the unbelievable power of persuasion. It’s not like you would have—I don’t know how to explain it. They’re your principal customer, your principal focus. So if they don’t like this or want that done or any number of other things that they feel quite strongly about and after discussing it it’s very clear that they feel quite strongly about it, then you say, “Okay.” May I share an example?

M^{me} France Gélinas: Sure.

Dr. Chris Mazza: I don’t remember when this is, so I apologize again, but on or around the time that we were going to the corporate bond markets, the issue of consolidation within the Ministry of Finance came up. The Ornge board, Ornge finance staff and experts that Ornge brought to the table to assist Ornge felt strongly—and I underline “strongly”—that this was not an appropriate decision. They voiced that issue with the Ministry of Finance and the controller’s office and had meetings with them and tried very hard to debate this issue. In the end, the Ministry of Finance decided that that was what they were doing. Ornge accepted that and then complied. I just use it as an example for something that was felt very strongly about and yet, after attempting to discuss, to debate and to find a solution that Ornge felt was more appropriate, complied with what the government decided they wanted.

M^{me} France Gélinas: I would say that this is kind of a good example, actually, that you've given, because we have lots of written material between Ornge and the Ministry of Finance that shows how vigorously you opposed the consolidation and how it happened anyway.

Dr. Chris Mazza: Yes. I don't think there's anything wrong with vigorously opposing or bringing your opinion to the table, but at the end of the day, as I indicated to Mr. Klees, "Yes, sir" or, "Yes, ma'am" would have been the response.

M^{me} France Gélinas: You would have complied. So, compensation could have been resolved?

1150

Dr. Chris Mazza: Yes.

M^{me} France Gélinas: The other issues that are still lingering out there are the price that was paid by Ornge for the helicopters and the issue of, did you have to pay extra for some of the weight etc.? Everybody has pointed to you as the person who paid more for the helicopters than should have been paid.

Dr. Chris Mazza: The helicopter itself?

M^{me} France Gélinas: The helicopters.

Dr. Chris Mazza: Or the upgrades?

M^{me} France Gélinas: For the upgrades of the helicopters.

Dr. Chris Mazza: Because I had nothing to do with the—well, very little to do with the actual negotiation of the pricing in the helicopter. It was far too complex a process.

The upgrades issue—I need to put some context around this, if may.

M^{me} France Gélinas: Sure.

Dr. Chris Mazza: I was not aware that there was any need for upgrades, and that's not unusual. I'm not an aviator. I depended on the aviation department to find such things.

The aviation department came to me quite some time after the negotiation of the helicopter contract; actually, things were in production and we were getting close to delivery. It's important to understand that, because this entire issue of bringing a new fleet in and changing a new fleet out had an entire room covered in a Gantt chart in terms of timelines that needed to be met. So it was a particularly stressful time.

What was brought to my attention initially was, okay, we need these upgrades. Fine. But they're included in the contract. We already negotiated them as part of the contract. I didn't pay any more attention to it.

I then became aware, through phone calls to me, and also I was made aware of it by some of the executives, that there was tremendous acrimony now developing between AgustaWestland and the aviation team. This acrimony surrounded a fairly harsh position that the team had taken with AgustaWestland, which was that this was in fact part of the original contract and we're not paying for it, and that's it. That was certainly not consistent with the style of negotiation that AgustaWestland sought out and dealt with on a global basis. I was then made aware that the position that we had, that these were part of the

contract, was in fact incorrect and that legally they were not part of the contract. We didn't have the upgrades in the contract. I was told that we were wrong.

I was now put in an extremely awkward position where a relationship was being damaged on an almost daily basis. There was significant acrimony developing. These were people we were going to need to work with for 15 to 20 years and they were very, very important to how we were going to do what we were going to do here in Ontario.

One of the aviation executives then indicated to me, yes, that they're not part of the contracts—he doesn't agree, but he understands they're not part of the contract—but he can get it for significantly less than \$12 million. That was offered as an opinion. He said \$12 million because that was what was on the table. That was the price that was being required.

That was offered as an opinion. There was certainly absolutely no negotiated, mutually agreed upon settlement that I was aware of, nor was I made aware of nor was offered to me. That opinion was offered to me, and it was the same opinion of the fairly harsh negotiating, tactician who had led me into believing that it was part of the contract in the first place.

At that point, I indicated that I would speak to Agusta. I was interested in trying to get through this. Our delivery dates were approaching and I was extremely anxious, as I've indicated, about the relationship.

In that discussion with Agusta, I acquiesced to the position that, "We now understand that they are not part of the contract. That is the advice and position that we've now been given. So, we agree with you, but your position of \$12 million: We can't afford that. That is too much. What can you offer?" I believe a 50% discount figure was put on the table. I indicated in that conversation that I could neither accept nor deny—it seemed reasonable to me—but that I needed to pass that over to my financial staff, my legal staff, my accounting staff, to ensure that this was appropriate from all of those perspectives. Not of least importance was a fair market value for what was being received. I didn't have the ability or expertise to do that. I passed it over to finance and they worked on that process from that point forward and I was not involved. It was my understanding that eventually the fair market value was defined using the appropriate means, that all legal and accounting efforts were accomplished. That agreement was then brought forward, with all of those caveats, to the board of directors for approval.

M^{me} France Gélinas: We had Tom Rothfels and Rick Potter testify in front of this committee, who both said that the weight upgrades were part of the contract. Who were the people who told you they were not?

Dr. Chris Mazza: Well, legal at Ornge specifically indicated to us that our position was wrong, was inaccurate. Aviation had been pursuing that position. That had been the position that they'd been pursuing. But certainly, I'm sure that your testimony from finance and from legal would have indicated that they were not part of the contracts. There's a difference here. We need to be care-

ful. It's not just weight upgrades. There are weight upgrades and then there's a whole lot of other things that the aviators needed on board the helicopters that they hadn't negotiated in the first place. I don't recall what those things were. I don't want to be crass, but they were things like extra lights. There were a number of things.

M^{me} France Gélinas: We have Mr. Potter's testimony that basically he went to you and said that he was successful in convincing Agusta that the weight upgrades and the others were part of the contract. He expected a "Congratulations, well done, well negotiated," and none of that happened.

Dr. Chris Mazza: That is not my recollection of events. My recollection of events was that I was offered an opinion—and I was never told that it was part of the contract—that he would be able to get it significantly down from \$12 million. I don't remember the actual number he used. Actually, as I recall the conversation, it was more about how he still didn't agree that it wasn't in the contract, but he understood that, from a legal perspective, it wasn't. As far as I understand, legal testimony here has supported that, and that was certainly the advice that was given to me. It was not part of the contract. That was always Agusta's position, from a legal perspective. I'm not a lawyer. I accepted that position. That was the advice I was given.

M^{me} France Gélinas: This amount of money happens to be very close to the amount of money that was paid for a marketing service agreement from Ornge to Agusta-Westland. Agusta is a global company that has knowledge and skills and resources far beyond—you're not on the same number of zeros when we talk about the budget of Ornge and when we talk about Agusta. Why would Agusta ever come to Ornge for a marketing service agreement?

Dr. Chris Mazza: After the completion of the helicopter purchase agreement etc., I began spending a fair bit of time selling Ornge's ability, what Ornge was capable of. I think it's very sad to me, often, that people don't realize that, yes, this global monster of a player, part of Finmeccanica—why would they think little Ornge was so—because we were doing something nobody else in the world was doing. Nobody else was looking at transport medicine the way we were, and that was critical to them to try to understand how they could position that.

I had spent a fair bit of time trying to make them aware of how we could be advantageous to them in penetrating a marketplace that they were having difficulty penetrating, particularly in the United States.

I've lost track of your question.

M^{me} France Gélinas: Why would Agusta ever come to Ornge?

Dr. Chris Mazza: Why would they, yes. I think I'm answering it in that we had tremendous ability. They had tremendous respect for our vision, for our strategy and for the way we made things happen. But they also had tremendous respect for a transport medicine organization that was doing upwards of 18,000 patient movements per year. I mean, that's massive. Just like anything else,

when you have a volume of experience like that, you actually get very good at it, and they had never encountered that before. So they were receptive to the marketing services agreement in trying to better understand places in the world and ways that they might engage those places in the world to move towards systems like what we were doing.

The Chair (Mr. Norm Miller): It now being noon, we are finished for the morning, but I just wanted to point out that the government has circulated an email with "Ruth Hawkins, Ministry of Health," on the top that they plan on asking you questions about this afternoon. We'll make sure that you do have a copy of that particular email.

This afternoon, we'll start with three minutes left with the NDP.

We are now recessed until 1 o'clock.

The committee recessed from 1202 to 1300.

The Chair (Mr. Norm Miller): I call this meeting to order. Just before I start, it was a long morning. Dr. Mazza, if at some point you need a five-minute break to use the washroom or—please just let me know and we'll recess at that time.

Dr. Chris Mazza: Thank you.

The Chair (Mr. Norm Miller): The NDP has three minutes left in their questioning. Ms. Gélinas.

M^{me} France Gélinas: I will use my three minutes wisely.

Just before lunch, I was asking you about the marketing agreement. I'm curious for you to explain to me: How did this come to be? Who reached out to who? Who negotiated it? How would they come to see you about this: you as in Ornge or you as in Dr. Mazza, whoever they reached out to?

Dr. Chris Mazza: As I think I started to talk about, after the helicopters were purchased, we certainly—let me just back up. Going back to from our inception, and with a mandate—we always had a mandate and a belief that we were to go forward and generate revenue to supplement the tax base and improve the system in Ontario.

So now, just to come forward, we've completed the acquisition of the helicopters and we have for sure a partner for the next 15 to 20 years just in operating those helicopters that necessitates an ongoing interaction. There's no way around that. It's a very complex operation. This is a major multinational organization with connectivity all over the world into all sorts of areas that Ornge would love to be exploring.

One of my jobs was to begin to impress upon them how unique we were on a global basis and, certainly from our feeling, how important a relationship that could be for them and how we had value to bring to them. So I spent a lot of time impressing that upon them. They were—

M^{me} France Gélinas: Who would you talk to?

Dr. Chris Mazza: A variety of different executives. The CEO of AgustaWestland, who eventually became the CEO of Finmeccanica, the vice-president of North American sales, the executive vice-president of Global,

one of the business strategic folks—a number of different people. At any rate, they became receptive to the idea and I was very excited. I was pleased that they could see the value that we could bring.

We began to talk about two things. The first one was about marketing services and how we might begin to show them different parts of the world that we thought were valuable and different ways that we thought we could get into those parts of the world, along those lines. This was, in our mind, leading to what we hoped would become a joint venture marketing opportunity, an opportunity for us to utilize the considerable person power that was at their disposal in a joint venture. In fact, that was proving true.

In the fall of 2011, I was already starting to be in conversations with folks from India who were meeting us through introductions. We were carrying our own weight but we would never have met those folks. We were meeting folks from the UAE. We had met and were starting to work with folks from Brazil.

I think I got a little off track on your question.

In terms of the negotiation of the agreement, I negotiated the principle; in other words, the concept that we could have a marketing services agreement. But then I passed that off to my finance staff because, quite frankly, ma'am, I wasn't sure what structure—I didn't know how that would look. I knew I had an agreement in principle. I didn't know how it could be fitted into our structure and into our process, so I asked my finance staff to evaluate how that agreement would look.

M^{me} France Gélinas: Did you have an idea of the size, money-wise? When you talk about the principle of the thing, did you also have an idea if we were talking \$1,000 or \$1 million?

Dr. Chris Mazza: No, I was certainly thinking in terms of longer term and in millions. That was just my thought process. But let me be clear: Passing it over was not—it was to define what that would be. I mean, I was going to my finance and legal and saying, "How can we structure this? How can this work for us? Does this work within the charitable component, or does it work within—how do we do this?" My finance people went off to evaluate the deal and to evaluate how it would work for us. They were very clear: They had to do the same.

Interjection.

The Chair (Mr. Norm Miller): Sorry. Continue.

Dr. Chris Mazza: They had to do the same and evaluate how they wanted it to look.

Subsequently, those two minds, if you will, came back together in the form of negotiating an agreement that took—I don't know—somewhere between four and six months to negotiate the details, the deliverables, the payment schedules, expectations, review process, all of that.

At the end of the day, not only did this have to pass muster in our finance department and in our legal department, who had to agree that it was important to do what was appropriate and what was within our regulatory framework, and it had to be accepted by the Ornge board

of directors, but it also had to be accepted by the oversight processes of not only AgustaWestland but Finmeccanica.

The Chair (Mr. Norm Miller): Okay. We'll move on to the government now.

Dr. Chris Mazza: I hope I answered your question.

The Chair (Mr. Norm Miller): Ms. Sandals?

Mrs. Liz Sandals: Dr. Mazza, you've maintained throughout your testimony this morning that the Ministry of Health was briefed regularly and kept up to date. You have denied that the Ministry of Health or the Auditor General were stonewalled; in fact, quite the opposite. In response to questions from my colleagues opposite, you stated, "We were proud of what was going on" and had no reason to stonewall, and that the Ministry of Health was your prime motivation and you would never have lied to or misled the Ministry of Health.

You've also maintained that the province was behind you all the way, and had the provincial government felt otherwise, you would have changed course absolutely. You even went so far as to say that if the government had ever called you up and said there was something wrong or something you should change, you would say, "Yes, ma'am," in reference to Minister Matthews.

I'd like to turn everyone's attention to an actual example of the relationship between yourself and the Ministry of Health. To put this in context, I believe this is probably one of the emails that were produced in response to Mr. Klees's request for information from the Ministry of Health. It's an email from yourself, Dr. Mazza. It's to Malcolm Bates, who was the director of emergency health services. It's copied to Ruth Hawkins, who was the ADM at the time; and then Alf Apps, Rainer Beltzner, and Maria Renzella, from Ornge, are copied. It is dated November 1, 2007. This actually goes quite a way back in the relationship; this isn't just the early relationship.

It's an email in which you vigorously oppose the province's attempt to consolidate Ornge onto the books of the province. Again, by way of context, this would be coming out of conversations between—a request of the provincial controller and in discussion with the Auditor General of the province of Ontario. So this request did not come from some minor bureaucrat. This request to consolidate came from the most senior levels of both the government of Ontario and the Auditor General as the representative of the Legislature of Ontario.

1310

Dr. Mazza, I wonder—and you are clearly in opposition here to this consolidation, if I can summarize, because in your opinion the government had no control over Ornge—if you could read the first paragraph to us, which begins, "Further to our telephone conversation." This is your email to Malcolm Bates and Ruth Hawkins.

Dr. Chris Mazza: Let me clarify for the members of the committee: My knowledge does not allow me to have written an email to this degree, or to this degree of understanding of fiscal and accounting process and legal process—

Mrs. Liz Sandals: Your name is on it; it says “from Chris Mazza.”

Dr. Chris Mazza: Ma’am, if I may finish—if I may just finish—it comes from my office and from my email; yes, ma’am. I am familiar with the contents. I can absolutely clarify, though, that this was a matter that was written with the chairman of the board, PricewaterhouseCoopers, as well as corporate counsel. There is far more understanding in this letter than I had then or have today.

I am fine reading this—

Mrs. Liz Sandals: If I may comment, however, from the point of the view of the recipient, it came from Chris Mazza, CEO of Ornge. So if you could proceed with reading the first paragraph, that would be helpful.

Interjections.

Mrs. Liz Sandals: This is part of the public record now because it was disclosed by the Ministry of Health.

Dr. Chris Mazza: Yes. That’s fine, ma’am. I’m merely pointing out to the committee that this is not my style of writing, nor is it my tone, nor is it the way that I normally communicate. I would urge you to look at the way I communicate as a means of backing that up.

Mrs. Liz Sandals: Very well. It is from you—

Dr. Chris Mazza: “Further to our telephone conversation yesterday, I am deeply concerned by, and opposed to, the sudden and overreaching proposal of the Office of the Provincial Controller to include Ornge in the government’s consolidated financial reporting exercise which I became aware of only yesterday. This notion makes absolutely no sense having regard to (a) the actual structure and business of Ornge, including its relationship to the government (b) the original and continuing intent and objectives of the government in separating air ambulance services from government in 2005 as communicated by the minister and the Premier and (c) the strategic and business plans of Ornge as it seeks to change the model for funding and delivering medical air transport in Ontario in accordance with those broader policy objectives. More importantly, given the public service accounting policies that are supposed to govern the question of consolidation, I believe a serious error has been made based on a fundamental misapprehension of the basic facts governing the question.”

Mrs. Liz Sandals: If I could carry on down in what are represented to be your comments in paragraph (a), “the government has no authority whatsoever to appoint or remove these directors”—refers to the board of directors.

What purport to be your comments under paragraph (b): “The government has no ongoing access to the assets of the organization whatsoever and has never asserted such a right. The only right the government has is, in the event of default and termination of the performance agreement, which is only triggered by a material breach or a bankruptcy, insolvency or liquidation ..., is to recover only what remains ... of those assets that have been acquired with funds provided pursuant to the performance agreement....”

Dr. Chris Mazza: If I may add some context—

Mrs. Liz Sandals: If I could please carry on? Again, purportedly your comments at paragraph (c): “The government has no responsibility whatsoever for Ornge’s losses.” Further in that same paragraph: “Furthermore, the government has no jurisdiction whatsoever to direct the ongoing use of our assets. That is entirely the province of the board of directors and the management accountable to it. We have complete autonomy to decide how to deploy our assets. We have a contractual obligation to the government to deliver certain services within Ontario and we are funded to deliver those services. How we choose to deliver those services most effectively and efficiently is in our discretion. How we choose to deploy our assets—both for our contracted responsibilities under the performance agreement and otherwise—is in our discretion. Whether we use leased or owned assets, whether we in-source or outsource certain delivery functions (e.g., aircraft maintenance, aircraft operations) is in our discretion.”

If you go on down to paragraph (e), purportedly your comments: “The government has no power to dissolve Ornge whatsoever. Ornge’s continuing existence is completely independent of government. The only thing that the government can do—and this is only in the circumstances of default—is terminate the performance agreement, in which case it can only recover those assets which were given to Ornge by the government or acquired by Ornge with funding under the performance agreement.”

That’s what you purportedly say. I wonder if you could go to the bottom of page 3, the last two paragraphs, and read what is purportedly your conclusion, the paragraphs beginning, “Given that....”

Dr. Chris Mazza: Mr. Chairman, I’ve lost track of all of the issues that the honourable committee member has brought up.

Mrs. Liz Sandals: That’s why we gave you the memo in advance.

Dr. Chris Mazza: I’ve lost track. If I can start dealing with some of the issues that the honourable member has brought forward—

Mr. Roger Yachetti: The honourable member hasn’t asked a question yet.

Mrs. Liz Sandals: I will do that, if you would just finish reading the memo, please: “Given that ...” at the bottom of page 3, the last few paragraphs, please.

Dr. Chris Mazza: “We trust that you will immediately withdraw this proposal”—

Mrs. Liz Sandals: That’s fine. Just carry on.

Dr. Chris Mazza: —“which completely” flies—it says “files”—“in the face of the public policy of Ontario in relation to its formation by this government in 2005. The fact that there is not one single indicia of control or even possible control that applies to Ornge should be sufficient to persuade you that there has been a profound misapprehension of the facts in this case by your office. We would like this matter resolved promptly and will be

pleased to meet to discuss this matter further at the first mutually convenient opportunity.”

Mrs. Liz Sandals: If I may, I’m actually not quibbling over whether you wrote this or whether a lawyer wrote it. It’s quite clear that a lawyer wrote it. However, it was the official correspondence that was received by the ministry on a very serious issue.

Does it sound, from what the Ministry of Health received, like this is an organization that’s working co-operatively and would never stonewall a government initiative?

Dr. Chris Mazza: I think I brought this issue up myself with Madame G  linas. Clearly, I am of the position that this is an example of healthy interaction and debate, or I wouldn’t have brought it up. I didn’t know that you were going to bring this up, ma’am. I brought it up myself as an example of how I felt that Ornge could have a difference of opinion and could enter into a healthy academic or otherwise debate and discussion. But in the end, the conclusion in this matter was that the consolidation occurred.

If I could give some background to this issue to the committee, when this first—and I maintain absolutely, and I am aware that I am under oath, that I did not write this, because I don’t have the knowledge to write this. This was a combined writing of the senior accounting financial authorities, both at Ornge and the consultants at PwC, as well as corporate counsel, as well as the chairman of the board and the chairman of the finance committee.

Having said that, the context and background of this issue was that when it first came to Ornge’s attention, there was great surprise and a lack of understanding. When we pursued this issue with the emergency health services branch on a verbal, interactive basis—which was our tendency, to pick up the phone and to engage in conversation—they too were mystified as to why we were being consolidated this year when previously we weren’t. They could not understand—and this is their accounting staff—why this was being applied. I’m not an accountant; I don’t purport to be one. I am merely relating that our finance and accounting staff couldn’t understand; the ministry’s finance and accounting staff within the branch couldn’t understand.

When my senior finance staff as well as counsel went to meet—I do not remember the name—one of the senior accountants with the Ministry of Health and Long-Term Care, they indicated that in general, the controller’s office would pass around a list of companies or a list of agencies or organizations, whatever, I don’t know, and that they would have to decide within health whether they would have to be consolidated or not. Previously, it had been their opinion that Ornge should not be consolidated. The controller’s office had taken a new position and one that these accountants did not understand either.

1320

In the spirit of those conflicting sets of information, the organization wrote this communication as a means of opening the door to discussion. I think the points in this

email were set out the way they are because, as I understand it—and this was what I was advised—these points are the points by which one tests control and therefore tests whether consolidation ought to occur. So they were written in that way to identify that in fact it didn’t meet the accounting tests of control.

The only other thing I would add, ma’am, is that if there was significant concern over the issues that were brought forward and the position that Ornge had with regard to these various issues, I can tell you that nobody ever said, “That’s not acceptable. We’re not going to engage in this. We’re not going to have this type of relationship. We need to go backwards now and redraw the performance agreement.” This was consistent with the performance agreement, and certainly it was a clear identification of how Ornge understood.

This document, by the way, preceded the audit by the Ministry of Finance. So again, there was plenty of opportunity at that point to say, “If this is your interpretation of policy, we’re not sure we agree with it. We’d like it to be another way.” Those conversations never occurred, ma’am—not to my knowledge.

Mrs. Liz Sandals: The question I asked you wasn’t, “Why did you write the memo?” It wasn’t, “Who advised you to make these points?” It was, “You have asserted that if the ministry or finance or anybody else came to you, that you were instantly co-operative and did whatever was being requested.” Is this a “Yes, ma’am” sort of response, in your view? I’d hate to see a “No, ma’am” response.

Dr. Chris Mazza: I think that what I have said is that in the end, the organization said yes to consolidation and they ceased and desisted in all further disagreement on this issue. So in fact, yes, it was a “Yes, ma’am.” It is an informed “Yes, ma’am.” I think, again, to my point, if the government was concerned that there was not co-operation or there was stonewalling, they never made that clear to us. As a matter of fact, conversations with the emergency health services branch were always cordial and positive, and with the Ministry of Health in general. We never had any relationship with the controller’s office and had no idea who these folks were. So I—

Mrs. Liz Sandals: At any rate, I’m sorry; I don’t read, “We trust that you will immediately withdraw this proposal” as “Yes, ma’am.” But let’s now go to the substance. Why, leaving the—

The Chair (Mr. Norm Miller): Please let him respond.

Dr. Chris Mazza: Actually, it says, “We will be pleased to meet to discuss this matter at the first mutually convenient opportunity,” which we did. We went on to meet formally with them, and in that meeting they indicated that they were going to have Deloitte evaluate the issue and give a more informed third party opinion. My chairman will testify to that, as will corporate counsel, as will my finance executives who were in the room at the time. I was not there.

Interjection.

Dr. Chris Mazza: I'm sorry, ma'am, if I could just finish. The issue was left. We were waiting for a statement that Deloitte would be looking at this issue, and we instead received a letter that, "We have changed our mind. We will not involve Deloitte. You are consolidated." That was the end of it. We never spoke of it again. We said, "Yes, sir."

Mrs. Liz Sandals: I wonder if we could have a bit of a look at—not the legal, because I agree with you; this is obviously accountants and lawyers who are writing. Why were you corporately so vigorously opposed to consolidation? As a government member who sits on treasury board—and the auditor will probably agree with me—consolidation is actually, in some ways, to the disadvantage of the government, because what it ends up doing is putting more debt on the government's books. It makes no difference to the normal operations, to the entity being consolidated, that they had been consolidated. It's normally really not of any interest to the entity being consolidated; it's just an internal conversation with the government. Is that correct, Auditor?

Mr. Jim McCarter: I think essentially what the consolidation would deal with would probably be right on the accounts of Ornge, and especially—they may have got wind that they were going to be borrowing \$300 million. That could have been part of it. But generally, it wouldn't be health that would kind of drive the bus on this one; it would have been the provincial controller's office that would basically drive that decision. They would come up with their assessment. Typically, then, they would come to us and say, "This is what we think on this new entity, Auditor. Are you onside with this?"

Dr. Chris Mazza: In fact, I, at a personal level, never had an issue with this. It was an accounting exercise for me. I had a chairman who was an accountant. I had a chairman of the finance committee who was an accountant. They had an academic issue with this because they didn't understand it.

At the end of the day, as I've indicated, they agreed to consolidation. But you asked why there was an issue. I believe it was an academic issue.

Mrs. Liz Sandals: And it had absolutely nothing to do with the future plan of spinning off various corporations and having a closer tracking of that?

Dr. Chris Mazza: The various corporations—that did not exist at that time, ma'am. Those were not even—they had not been contemplated. We were still busy trying to figure out how we were going to replace the antiquated infrastructure, assets, how we were going to—we were still in the process of trying to take on a former government union—take on the CAW, how we were going to—by "take on," I mean bring them into the organization. We had a myriad of issues that we were struggling with. We certainly were not looking ahead at the more detailed elements that we eventually got to in terms of revenue generation.

The Chair (Mr. Norm Miller): And you're on your last minute.

Mrs. Liz Sandals: You've said that you weren't trying to stonewall the Auditor General. If I could quote from the auditor's press conference of March 21, when he released his report, he said Ornge was not all that co-operative in providing information to the ministry. The auditor said, "Ornge deliberately did not give us what I would call a straight and fulsome answer all the time, and they really made it difficult for us to get all the information."

That's what the auditor has told us. Do you disagree with the auditor?

Dr. Chris Mazza: From my knowledge and my perspective, yes, I disagree with the auditor. I never met the audit team. I was never interviewed by the audit team. I met the—pardon me, Auditor—associate deputy, I believe—

Mr. Jim McCarter: I think we had a draft report discussion. I think you met with Gary, the deputy auditor, and Susan, the director—

Dr. Chris Mazza: Yes.

Mr. Jim McCarter:—and I think you popped in one day and had a bit of a chat, maybe, just to one of the staff, just to say hello—

Dr. Chris Mazza: No. It was a, "Hello, I'm Dr. Mazza. How are you?"

Mr. Jim McCarter: Then we had a bit of an email discussion—

Dr. Chris Mazza: On the phone.

Mr. Jim McCarter: We had a phone call discussion at the start of the audit, kind of talking about the timing.

Dr. Chris Mazza: That's correct. But I was—

Mrs. Liz Sandals: But you never—any information the auditor asked for, it was all given to the auditor?

Dr. Chris Mazza: Ma'am, I actually convened a committee, a team. That team was led by my chairman of the board. On that team was the chairman of the board as well as the chairman of the finance committee as well as a number of other folks. Always, the chairman of the board was—you see, Ornge always knew that the auditor would be coming someday. That is a reality. The chairman was particularly focused on making sure that any and all necessary information was supplied in a timely and efficient fashion.

I read what the auditor's report said. I was in the hospital at the release. I did not see teleconferences or anything. Certainly, my direction would have been to be co-operative in supply. My understanding was that they were provided with scads of paper and material.

I am not able to answer your question as to why there is that perception. I do not understand it myself. Again, we had a team. The chairman of the board and the board in general were very focused on being co-operative. Somehow, I guess that got lost.

1330

The Chair (Mr. Norm Miller): We are out of time, so we'll move to—

Mrs. Liz Sandals: It's your position that the—you can take a few seconds off my next round. It's your position, then, that the chairman of the board—that is, Mr.

Beltzner—who would be the same person who apparently wrote this memo that says that “the government has no jurisdiction whatsoever to direct the ongoing use of our assets,” was totally co-operative in turning over everything that the auditor asked for, even though the auditor says that that isn’t the case.

Dr. Chris Mazza: Just to make a correction, Mr. Chairman, I did not say that the chairman of the board wrote that; I said that a team wrote that particular email, and that team was comprised of lawyers, accountants and the chairman.

The Chair (Mr. Norm Miller): And the auditor would like to clarify a point.

Mr. Jim McCarter: I just thought I might clarify the co-operation. On one hand, I’d have to say that we eventually got almost all the information that we asked for. The difficulty was, it just took a long time. It was a very arduous process. What would normally take a couple of days often took weeks; often they had to go back with a lawyer. It just took a long time.

On the other hand, at the end of the day, we did get virtually all the information we asked for, except we did have a scope limitation where we couldn’t see anything on the right-hand side—all the for-profit companies.

The Chair (Mr. Norm Miller): Thank you for that clarification.

We’ll move to the opposition. Mr. Klees.

Mr. Frank Klees: I would like to just continue briefly on the consolidation file while we’re there. Can you tell me why the consolidation issue was such a contentious one if in fact, as you’ve ultimately concluded, it was academic; it was not a big deal for you? Why was it such a contentious issue?

Dr. Chris Mazza: I don’t have anything further to add to the answer I already made, Mr. Klees. I think there was consternation over the—it didn’t make sense; it was not a logical issue. I think, to be honest, Mr. Klees, after the initial meeting with—I don’t know if it was finance or the controller’s office—we did have a meeting at Ornge, and it was clear that the controller’s position was quite assertive. They were very focused on their position. There was a meeting at Ornge and the decision was made that, “It’s not in our best interests to pursue this. Let’s just leave this alone. This is an academic issue. It doesn’t make any sense. Let it go,” at which point we just waited, because the conclusion of that meeting was that there would be a Deloitte and Touche review. That didn’t happen and, we were informed, wouldn’t happen. Nothing was ever done about that again.

Mr. Frank Klees: But it is a fact that Ornge—or someone at Ornge, if it wasn’t you—felt very strongly about it, to the point where they hired Don Guy to lobby the government over this very issue. Isn’t that true?

Dr. Chris Mazza: I am not aware that Mr. Guy was hired as a lobbyist. I know that Mr. Guy did work for us on community issues. I am not aware of his engagement at that level; no, sir. The issues regarding this in particular were actually well within the bailiwick and capabilities of the chairman and the chairman of finance. They

were also well within the bailiwick of corporate counsel and PwC. I remember Mr. Guy doing some work for us for a brief time but I do not recall the details of that work.

Mr. Frank Klees: We have it on pretty good authority that he did get involved in this file and he did make calls to the government to attempt to resolve this in Ornge’s interest, and obviously the rest is history.

Speaking of letters, can you tell me who was really in charge at Ornge? There is correspondence that is signed by someone who didn’t write it; there are people like Mr. Navas, who signed letters as the chief operating officer. Ms. Long thought that she was working for him, and while she was here she testified that he was the COO. He came here and told us he never was the COO; all he did was—in fact, I don’t think he remembered the letter that I showed him that he did sign.

Who was really in charge? Who wrote whose letters? What can we rely on? I mean, it sounds like Keystone Kops when you look at it from a distance. Who knew what was going on? Who was in charge of what? You tell us you don’t remember, and I don’t mean to be insensitive—I understand you’ve gone through a difficult time—but we’re discussing serious issues in a very major agency that, yes, was independent, but had the responsibility to deliver essential emergency health services in our province, and we have nothing but contradictory stories about what went on. And you, sir, don’t remember. How do we get a handle on what is going on here?

Dr. Chris Mazza: As I’ve said over and over again, I am, to the best of my ability, trying to recall and provide you with as much information, Mr. Klees, as I can. We are going back many years in some of these things. Regardless of my recent health history, I think it’s difficult for many of us to remember back that far. In addition, I have no access to any material that I would normally have had access to.

In answer to your question, Mr. Klees, I was in charge. I was the CEO. I’m accountable for that. But I was also accountable to the board of directors. I worked for the board of directors. And so, inevitably—the board held the overall authority at Ornge. I am accountable for the actions and endeavours that we went forward on. As I’ve said to the committee, I believed that we were doing excellent work. I believed that we were doing good work in the interests of the province. I believed that we had the support of the province. But I guess my answer to your question is that I was in charge.

Mr. Frank Klees: Okay.

I had a letter handed to you that all the committee members already have in their files. It’s the now-famous January 19, 2011, stakeholder briefing letter that was sent to Minister Deb Matthews and that was subsequently followed up with an in-person briefing. It was copied to you, Tom Lepine, your board of directors and 11 key government players, including the Premier’s principal secretary and a who’s who of finance, health and economic development. You have that in front of you?

Dr. Chris Mazza: Yes.

Mr. Frank Klees: No one remembers reading this letter. We've examined people here over the last number of months. We show them the letter and they recognize their name as being copied, but no one has read it. The letter was signed by Rainer Beltzner. My question to you is, who wrote it?

Dr. Chris Mazza: Again, this would have been a team effort, sir. It's quite a lengthy letter. It would have been written by Mr. Beltzner as well as—counsel would have been involved. It would have been a team production, sir. It was signed by the chairman as the overall authority of the organization.

Mr. Frank Klees: Okay. The letter makes some very bold statements. One of those statements is, "Ornge is seeking nothing from the government except to make it aware of what it has done and is intending to do"—

Mr. Roger Yachetti: Excuse me. Could you give us a page number, Mr. Klees?

Mr. Frank Klees: You know, actually, that's not a very relevant part of my question, but I will give you page 19, which is where I'm going with this. On page 19, the letter informs the government of the new business ventures and how those are going to be financed.

Interestingly enough, it has a paragraph here, under paragraph 8, that refers to development funding, because clearly everyone would be interested to know where the funding was going to come from for these new business ventures, these not-for-profit ventures.

1340

I'm going to help you, sir. I'll read this into the record myself. It starts with the development of the new business ventures. I'm quoting now: "over the period from April 1, 2010, to December 31, 2010, at an estimated cost of \$2.7 million, was accomplished entirely through the use of proceeds of a marketing/business development agreement with Agusta Aerospace Corporation ('AAC') pursuant to which total funding of almost \$5 million has been provided for business development purposes, including the creation of a business plan. This agreement was entered into in 2010 in recognition of (i) Ornge's expertise in aeromedical transport generally, including the intellectual property associated with its design of the medical interiors for the new rotary-wing aircraft acquired from AAC, and (ii) in consideration of Ornge's agreement to allow that expertise to be used in assisting AAC in penetrating a larger share of the global aeromedical rotary-wing transportation market."

I wanted that on the record because this is a briefing of government. It is directly referring to the Agusta marketing agreement, and it's saying that the \$5 million that had already been paid by that time was as a result of Ornge's expertise and intellectual property associated with the design of the medical interiors of those new helicopters.

What we know is that those medical interiors were a disaster. They didn't work. In fact, it was only a matter of time, very shortly after they were installed and those helicopters were delivered, that paramedics started to complain about the fact that they couldn't even perform CPR.

Now we're told by Ornge that there's a temporary fix on those medical interiors and they have to spend millions to retrofit those helicopters.

My question is this: Apparently, Agusta felt that they could pay the \$5 million, or whatever—it says \$5 million here—to that point, and they're relying on Ornge's expertise for designing medical interiors, which, quite frankly, you couldn't sell to a cabinetmaker today. I'd be interested in your observation.

Dr. Chris Mazza: I would just point out that "Ornge's expertise in aeromedical transport generally, including"—aeromedical interiors was one aspect. The letter is taking a whole raft of aspects under "generally" that it's not mentioning in here. There is a tremendous number of issues. I'll speak to the interiors in a moment.

I think that if it's acceptable to the committee, I'd just like to provide some context on medical interiors in general. It seems to have been a bit of a hot topic here.

Mr. Frank Klees: Actually, if I might, with your permission, we can work together on this. I will come back to the medical interiors in my next round. I would like to pursue the marketing agreement at this point, if you don't mind.

Dr. Chris Mazza: Okay.

Mr. Frank Klees: I just found it somewhat passing strange that the expertise of Ornge would be focused on the medical interiors, which I think we all admit today is really not the fact. But on the marketing agreement—

Dr. Chris Mazza: Sorry, I don't actually acknowledge that the interiors are terrible.

Mr. Frank Klees: Okay.

Dr. Chris Mazza: If we're going to discuss that, I'll just leave that on the record.

Mr. Frank Klees: With all due respect, Transport Canada has made this statement. It's not my statement. Transport Canada forced Ornge to retrofit. Transport Canada is saying that they will not approve those helicopters for air ambulance service unless they get it fixed. So whether you think there's something wrong with it or not is really quite irrelevant.

Dr. Chris Mazza: No, sir, I didn't say that there's nothing wrong. What I said was that they are not completely terrible and not fit for a cabinetmaker.

Mr. Frank Klees: Okay; well—

Dr. Chris Mazza: I think that they have a number of positive aspects associated with them. I think that there are some challenges. If you want me to wait until your next round, I'm pleased to do so.

Mr. Frank Klees: How much did we pay for those, while we're on the topic anyway—\$6.2 million?

Dr. Chris Mazza: You're going to tell me that—I don't recall again, but—sir, I don't recall. It has been a long time.

Mr. Frank Klees: I think it was around \$6.2 million.

Dr. Chris Mazza: I think it was—

Mr. Frank Klees: I think when you're paying \$6.2 million for a medical interior of a helicopter that should be able to allow a paramedic to do CPR, we would expect it not to be partially okay; we'd expect it to be perfect.

Dr. Chris Mazza: Mr. Chair, if I could just respond?

The Chair (Mr. Norm Miller): You can take the time to respond to that question.

Dr. Chris Mazza: Yes. I mean, I can't leave that.

I need to provide context first, and the context is of the previous interiors on the Sikorsky 76, where, Mr. Klees, you couldn't intubate a patient. So in my medical opinion and as an expert in transport medicine, I would suggest that the control of an airway and the intervention on an airway is actually far, far more critical than the issue you speak of. It's not to say that CPR on board a helicopter isn't critical; obviously it is. But the other interiors with which we had survived for many, many years had an inordinate number of problems associated with them.

One of my greatest concerns as a transport medicine physician was that I couldn't put the patient on board the helicopter if I even suspected that they might get into airway trouble because I knew that there were no effective means to intubate them. What's more important is that, in order to care for the patient on board the old helicopters, paramedics pretty much had to take off their seat belts, get out of their chairs and completely avoid all safety precautions in order to care for the patient.

What I also know is that as we went forward into new interiors, we were focused intensely on making what we felt to be a world-class interior that would allow for the transport of the critically ill safely and effectively. We engaged a committee, a multidisciplinary group. We asked the union to nominate two members from the union in rotor and in fixed. We asked the medical advisory committee to bring a doctor to the table who would go. We had the aviation department put an aviation expert on the team. We had an administrator as well as an operations person. This team went to the manufacturers and worked with the manufacturers on trying to design a safe, effective and appropriate interior using mock-ups. They didn't just draw it and come up with it. They actually came up with initial thoughts, concepts. The engineers put them together in mock-ups. Then they went through scenarios—scenario after scenario after scenario. When they came back, the engineers then put all the changes into place, and the team then went back again. This process took the better part of a year just to get the design. They then made the changes that the team felt were necessary, and eventually the team signed off on the interior, saying that they were happy with it.

I became aware of a problem with the interior only after the introduction of the London helicopter. At that point, a scenario had come up that indicated that there was a problem. The scenario was—I don't recall what exactly, but the paramedics were concerned. I made the issue known to the chief operating officer at the time, Mr. Lepine, and I was assured that this was an educational issue, that the paramedics were just learning how to use the interior appropriately.

I then had a board member who was doing educational work in London hear the same thing from medics. At this point, I indicated to the chief operating officer that I needed him to convene a focused committee to address

this problem urgently. I believe that the chief operating officer did so. He did so in concert with aviation, and they began to work very diligently on trying to fix the issue.

Acknowledged, there is an issue with the interior, but I'd like to be very clear with the committee that it was certainly not through lack of effort in trying to get the right design.

Mr. Frank Klees: Chair, I'd like you to ascribe that amount of time to yourself, please.

Dr. Chris Mazza: I'm sorry; I didn't hear what you said.

1350

Mr. Frank Klees: Oh, no; that's nothing to do with you.

I'd like to follow up on the marketing agreement and an issue that was raised earlier with regard to a conversation between Rick Potter and this committee in which Mr. Potter made it very clear that he, in fact, had negotiated down some \$10 million in costs that Agusta wanted to assess, and he made it very clear to this committee that he came back thrilled with his success. To quote him, he said—this was following his meeting with you, where he told you that he had been so successful in negotiating down this additional cost: "What I said to Chris, and I'll paraphrase for this committee, was, 'Are you freaking crazy?'" That was his opinion of you, as the CEO, saying, "Thanks for negotiating down \$10 million. There are things you're not aware of. Leave it to me."

The next thing you know, Maria Renzella was given instructions to paper what was subsequently referred to as a marketing agreement, of which we all have copies. It's ironic that the amount of that marketing agreement was very similar to the amount that Mr. Potter had negotiated down. You seem surprised. That is a fact. For many of us who have some experience in business, it seems passing strange that one of our employees would come into our office and say, "Guess what, boss? I've been able to save the company \$10 million," and the boss turns around and says, "Thanks but no thanks. I'd prefer to pay this." A matter of weeks later, a number of the executive at Ornge are in conversation about how odd this is, and Maria Renzella is challenged with the responsibility to paper that deal.

I've heard your explanation, but I frankly don't accept it because there are far too many facts that align here, not the least of which is that Finmeccanica, which is the parent company of Agusta, has been caught in negotiations of bribery, of kickbacks, on the purchase of aircraft. One example of that that is widely reported in the media was the sale of 12 helicopters to India. You should know about that. Can you tell me where the former chairman of Finmeccanica is today?

Dr. Chris Mazza: Mr. Klees, I don't know where the former chairman of Finmeccanica is, no. I do not know. I don't know who he is. I've never met him. I don't know where he is.

Mr. Frank Klees: The media reports are far and wide in terms of the bribery charges, in terms of the kickback

charges of this company, and they are quoted as saying that they do business this way all the time. Was it ever a concern for you that if it came to light that one of your employees was able to save Ornge \$10 million and you refused that, that would be an embarrassment to you?

Dr. Chris Mazza: First of all, if I may start, the word “kickbacks” has been thrown around a lot, and I want to immediately refute that issue. In my person, I have never—nor would I ever receive such a thing. I am not, nor was I, aware of Agusta’s history which you refer to. I did not, do not, know about that. From my perspective, Agusta was and always has been an honourable company that I worked with. That is my opinion. That is what I observed. That is what I saw.

Comments that you made about Mr. Potter—you quoted, “Are you freaking kidding me?” That actually sounds very much like Mr. Potter: a very good executive but a very challenging, somewhat harsh, negotiator. It was my understanding, as I indicated, that the initial position by the aviation department was actually wrong. As an executive, I was now placed in a very difficult position, where I had tremendous acrimony going between these two sides, to solve it. Mr. Potter never once told me that he had a formalized, negotiated settlement. He told me that he had an opinion; he told me that he could do substantively better than \$12 million, but at that point, in all honesty, he had exhausted his credibility with me because the situation was deteriorating in terms of moving forward.

I thought I did a pretty good job of getting a discount of 50%. Having said that, I passed that over to finance to ensure that they had fair market value, fair market assessments, and that legal and finance did the appropriate evaluations, as are necessary, to go through that deal.

You say that I called to “paper.” No. My senior executive in finance was away. Many, many things happened in a week at Ornge. She was coming back; I was going somewhere. I needed to download a variety of things that had come up, and one of them was, “I need to figure out how to put this marketing services agreement together,” not “paper it.” The agreement was an agreement. I did not know how it would look.

Mr. Frank Klees: Whose idea was the agreement?

Dr. Chris Mazza: I answered that question already in saying that this was something that we had been pursuing for some time. It’s an idea that came up after the helicopter purchases were completed when we looked at our relationship with a major multinational and hoped to be able to utilize that relationship to further our business initiatives, as well as providing value to them to further theirs. We felt that we could do that for them. It was a mutual interest and integration.

There is one other item, though, and that is the following: In all of these agreements, in all of these issues, finance, counsel, accountants, consultants and the board of directors were all involved. If you think for one second that if anybody had said that there was something wrong with these agreements I would have gone ahead, then that is absolutely incorrect.

The Chair (Mr. Norm Miller): If you’re just about done that answer, we’ll move on to the NDP. Ms. Gélinas.

M^{me} France Gélinas: All right. Thank you. Just to close up on the marketing service agreement, you described Agusta and their mother company as—you trusted them. You found that they were a good partner to have and saw opportunity to leverage that partnership for the good of all. They never offered anything that could have been seen as illegal? They never offered or talked to you about the possibility of giving money someplace, somewhere, somehow?

Dr. Chris Mazza: The only conversations we had about money with Agusta were about paying for the original helicopters, creating a marketing services agreement, creating a joint venture in marketing, and a donation to the foundation. Those were the only conversations that I certainly ever had or was aware of. Yes, that is, to the best of my knowledge, entirely accurate.

Again, I emphasize that I am not aware of any negativity surrounding that company’s aura. I did not know.

Interjection.

Dr. Chris Mazza: Sorry. I missed the upgrades as well.

M^{me} France Gélinas: When was the last time you talked to anybody from Agusta?

Dr. Chris Mazza: Not since maybe the beginning of the new year, after I left Ornge, just in an email saying that I was on medical leave.

M^{me} France Gélinas: Okay.

Mr. Jagmeet Singh: Dr. Mazza, there have been some concerns raised—

Dr. Chris Mazza: January.

1400

Mr. Jagmeet Singh: Pardon?

Dr. Chris Mazza: Sorry, at the beginning of January, I had already left on medical leave and had sent an email out in general format that I was away. There was no reply.

M^{me} France Gélinas: Okay.

Mr. Jagmeet Singh: Doctor, there have been some concerns raised about a culture surrounding those who come forward with concerns or issues—whistle-blowers. There have been some issues that people noted some problems with Ornge and wanted to raise those concerns but were not treated properly. Do you have any comments about that or do you have any knowledge you can share about that?

Dr. Chris Mazza: I think, simply—no. I believed I had an open-door policy. I know that my chairman of the board had an open door. I know other directors—the chairman of the board had an open door; other directors had open doors. I know that, for example, in medicine, the chairman would ask the chairman of the MAC at every board meeting, “Do you have any issues that management is not wanting you to talk about?” I have heard that said, Mr. Singh; I’m not able to explain it.

I’ve also heard said that there was a culture of fear. I don’t have any explanation for that either, sir. I know that

we had a high-performance culture. I know that the culture was driven and obsessed about goals and focused on deliverables, and perhaps that's frightening for some folks.

Mr. Jagmeet Singh: Thank you for that. Jacob Blum testified. I'm not sure: Were you able to hear or read some of his testimony?

Dr. Chris Mazza: No, sir.

Mr. Jagmeet Singh: He testified, in one part of his testimony, that there were some concerns that he started seeing in Ornge, and he raised those concerns with people from the ministry. Did he raise any concerns with you about the direction that Ornge was headed? Were you aware of any conversation he had with the ministry about concerns that he had about the direction that Ornge was going in?

Dr. Chris Mazza: No, sir.

Mr. Jagmeet Singh: Okay. When you indicated that you wanted to internalize the fleet, the aircraft in Ornge, as a new direction, the ministry was aware of that new direction that you wanted to go in. Is that correct?

Dr. Chris Mazza: Yes, sir.

Mr. Jagmeet Singh: And when you told the ministry of your decision or your desire as an organization to move toward owning your own fixed-wing and rotary-wing aircraft, did the ministry approve that decision?

Dr. Chris Mazza: They had no concerns.

Mr. Jagmeet Singh: No concerns were raised?

Dr. Chris Mazza: No. They were supportive. I don't know—I don't want to—

Mr. Jagmeet Singh: No, go on.

Dr. Chris Mazza: There is some context behind this in-sourcing of aviation that might be helpful.

Mr. Jagmeet Singh: We'll go into that. I think some of the context that you've brought up in terms of the lack of quality aircraft and the third party and other issues—

Dr. Chris Mazza: There's a number of issues.

Mr. Jagmeet Singh: There's a number of issues.

Specifically with the helicopters, when you advised the ministry that you were going to purchase helicopters, did the ministry say, "Listen, we can provide you with some expertise. The Ministry of Natural Resources has had some experience purchasing helicopters"? Was that ever provided to you?

Dr. Chris Mazza: No, sir. The ministry was very supportive of our decision to acquire helicopters. In fact, the director said, "That's fantastic. This is a good example of why we did this in the first place. We could never have done this within government. This would be too difficult. We would never have been able to get this." And, no, the Ministry of Natural Resources was never offered.

In the design, the requirements for the helicopters and the scoresheets etc., Canadian Helicopters' expert staff were involved, as well as some consulting folks that we brought in.

Mr. Jagmeet Singh: Just changing tracks somewhat, were you aware—

Interjection.

Mr. Jagmeet Singh: Yes, go ahead.

M^{me} France Gélinas: I'm interested by the comment you just made that, "This is fantastic. This is why we went the way we went with Ornge at arm's length and setting up the for-profit"—

Dr. Chris Mazza: The not-for-profit.

M^{me} France Gélinas: —at arm's length, and, "We would have never been able to do this within government." Who made those kinds of comments and when were they made?

Dr. Chris Mazza: It was Malcolm Bates, and it was on and around when we were going forward. They had also been very frustrated with their inability to replace an antiquated infrastructure, and he was referring not so much that it wouldn't be something that would eventually be done, but rather that the process involved would be so exceedingly difficult that this is why you had an arm's-length organization.

Probably more importantly, what he was referring to, Madame Gélinas, was that in his organization he was forced to short-term plan. You can't short-term-plan in transport medicine. It can't be done. That's how you end up with antiquated infrastructure and no capital asset replacement plan. I think that was what he was referring to in his comments.

M^{me} France Gélinas: My colleague asked you about Jacob Blum and if there was any concern that he had brought to you. When Mr. Blum was here, he related to us the story of going to visit the speedboat that had been purchased and how he thought that was inappropriate. He certainly shared with us that he had shared that with you that he thought that this purchase was not appropriate. Do you recall anything regarding a disagreement on that issue?

Dr. Chris Mazza: I recall that Jacob was not supportive of the boat that was purchased, but that was not—I thought you were referring to directions in general. But that was never a reason for his change in his career direction. That was not a major issue, is what I'm saying.

M^{me} France Gélinas: So you did have this conversation with him.

Dr. Chris Mazza: I think he mentioned it; yes, he did. I acknowledged it. The board was supportive of the decisions that we were engaged in, and the other executive team, and finance. I had one individual who was not supportive, but the board of directors was supportive and it was a board-directed movement.

M^{me} France Gélinas: When you came to decisions, it didn't matter if it was Ornge that received funding from the government or one of the subsidiaries or the foundation or any of the other entities; the decisions were always from the same board.

Dr. Chris Mazza: No. There were different boards. In this particular case, there was—at that time, yes, it would have been the same board because this was early in development and there was only, I believe, in existence at that time Ornge and Ornge Peel, and they were the same boards.

M^{me} France Gélinas: Okay, but the boat, I thought, was purchased by the foundation.

Dr. Chris Mazza: I actually don't recall how that happened anymore. The boat was purchased with an interest-bearing loan by J Smarts, but I don't recall the details anymore, Madame Gélinas.

M^{me} France Gélinas: But at the beginning, when you started, the board of the foundation, the board of Ornge, the board of Ornge Peel and the management executives that you had decisions with—because, like you said, finance was okay and counsel was okay and the board was okay, but Jacob was not—

Dr. Chris Mazza: They were the same in those companies, yes. There were a limited number of human resources at the time.

M^{me} France Gélinas: And they were all the same. When did we start having different teams, and the different teams were for what?

Dr. Chris Mazza: When we started to have aviation, this thing started to become more disparate at that point as we created different organizations for different structural functions—sorry, different operational functions.

M^{me} France Gélinas: Your testimony this morning and this afternoon: When you refer to your board, you always refer to the board of Ornge as in—

Dr. Chris Mazza: In all of these decisions, the board of—any of these other entities were subsidiary, and so the board of Ornge always had to approve. That's what I mean.

M^{me} France Gélinas: So you always reported to one board, and that was the board of Ornge, the way we know it, and—

Dr. Chris Mazza: Until much later in the evolution, when they moved me. Yes, at the time, and in answer to your question, I reported to the board of Ornge, and any subsidiaries were reporting up. The board of Ornge required approval. It was required.

M^{me} France Gélinas: All right. I am still a bit confused, because you seem to be talking about—let's bring it as far forward as we can. We're now in 2011. We have the corporate structure that Mr. Apps has drawn for us; we can all see what it looks like. Did any of those corporate structures have a board?

1410

Dr. Chris Mazza: Yes.

M^{me} France Gélinas: Which one did?

Dr. Chris Mazza: They all had boards.

M^{me} France Gélinas: They all had boards?

Dr. Chris Mazza: Yes.

M^{me} France Gélinas: Okay.

Dr. Chris Mazza: So on the Ornge board—well, there was the Ornge board. All of the other entities had boards. They were made up of different people. You have to understand that some of this was just in evolution, so they weren't entirely comprised at that point. Anything that was functioning or operating had a board.

M^{me} France Gélinas: And were you the CEO, the executive director, for each and every one of those boards? You were? Okay. Were you also on any of those boards?

Dr. Chris Mazza: No. I was CEO. But on the Ornge board, no, I never was on the Ornge board as a voting member because it was a charity, so I had no vote. On Ornge Global, I provided information but I was not on the board because it was a general partnership. And on any of the subsidiaries underneath, I had no votes on those either. The only thing that I was on a board of was when the corporate structure created the OGMI management holding company.

M^{me} France Gélinas: And you were on the board of that?

Dr. Chris Mazza: I was on the board of that. But it was a holding company; it had no operational and/or governance capability.

M^{me} France Gélinas: Okay.

Mr. Jagmeet Singh: Do you recall who Keith Walmsley is?

Dr. Chris Mazza: I'm sorry?

Mr. Jagmeet Singh: Keith Walmsley.

Dr. Chris Mazza: I know the name. He worked at Ornge. I only know the name. I confess I don't remember meeting him. I don't really know anything about him other than the fact that I became aware that his work was concerning to Maria and that she had gone through significant mediation processes and continued to have challenges. That forced her to dismiss him.

Then I became aware of him later because a phone call was made to me by Ruth Hawkins that an individual had brought an issue, I thought to the Ministry of Health and Long-Term Care—I don't know where it came in—and that she needed to speak to the chairman. I connected her to the chairman. I was never privy to the conversation. Other than the fact that it had been a concern raised by Mr. Walmsley, I was never privy to the content of the concern.

Mr. Jagmeet Singh: Okay. So at any point even after the fact, do you now know what the concern was that he raised?

Dr. Chris Mazza: I became aware much later that it was regarding salaries and that Mr. Beltzner had a conversation with Ruth Hawkins. Mr. Beltzner and the chair of the compensation committee met with Ruth Hawkins and—I don't remember his name, but he was the director of the internal audit group for health, which is part of the Ministry of Finance. They met privately.

Mr. Jagmeet Singh: And when was this, roughly? Just roughly the year. I know it's tough to say—

Dr. Chris Mazza: Maybe 2008?

Mr. Jagmeet Singh: In 2008? And do you know what happened, what became of that meeting with Ruth Hawkins and Mr. Beltzner and—

Dr. Chris Mazza: Well, now I know that Mr. Beltzner and the chair of comp worked with the ministry.

Mr. Jagmeet Singh: They worked together?

Dr. Chris Mazza: To address whatever the issue was and the concern, but I wasn't privy to that.

Mr. Jagmeet Singh: Was there any follow-up that the ministry expressed, any sort of concern that they didn't get the follow-up that they needed?

Dr. Chris Mazza: No, absolutely not.

M^{me} France G  linas: I'd like to ask you: Do you remember Mr. Don Guy?

Dr. Chris Mazza: Yes.

M^{me} France G  linas: How did you meet him and how did you come to hire him?

Dr. Chris Mazza: We didn't hire him. I came to meet him through Catherine Rosebrugh, who had come to me after Jacob had moved on. She was hired to work in a combination of legal and regulatory affairs. Again, I do not recall the details of why, but there were a number of challenges that we were trying to communicate and figure out how to communicate. For a very short period of time, Don provided some consulting expertise to Catherine's group. I've only met Don on maybe one or two occasions. It was a brief time.

M^{me} France G  linas: So Catherine already knew of Mr. Guy?

Dr. Chris Mazza: Yes, I believe so.

M^{me} France G  linas: Okay. Did you know the position that Mr. Guy had within the Liberal Party?

Dr. Chris Mazza: Afterwards I knew.

M^{me} France G  linas: Do you know what it is?

Dr. Chris Mazza: I don't know today. I knew it was that he was previous chief of staff to the Premier.

M^{me} France G  linas: And do you know what services he provided for Ornge and to Catherine's group?

Dr. Chris Mazza: I don't recall, no. As I said, I think it was—there were a number of projects and trying to find ways to communicate some of the challenges that we were facing at the time, but I don't recall, Madame G  linas.

M^{me} France G  linas: Mr. Guy was prepaid for his services. Would you know if that was standard practice at Ornge, that people would be prepaid?

Dr. Chris Mazza: No; actually, I would suggest that that's counter to what Ornge would normally do. You would provide the services, and you'd be paid afterwards.

M^{me} France G  linas: Would you know if Mr. Guy ever helped Ornge get the ear of the government in one way or another?

Dr. Chris Mazza: You know, it's certainly not my—I never reached out to Mr. Guy. So from my own personal perspective, I would have to answer the question in the negative. I am not aware that—I know that I did not. "Getting the ear": I guess I don't really know what that means. Sometimes in finding the right department or who to talk to in the bureaucracy, people like Mr. Guy, I'm sure, can help. But in terms of getting to an actual elected official, no, I'm not aware of that.

M^{me} France G  linas: Okay. When was the last time you communicated with Mr. Guy?

Dr. Chris Mazza: Years.

M^{me} France G  linas: Years ago?

Dr. Chris Mazza: On a personal basis?

M^{me} France G  linas: On any basis. When was the last time you talked to him?

Dr. Chris Mazza: No, that's what I'm saying: I haven't talked to Mr. Guy in I don't remember—quite some time.

M^{me} France G  linas: Okay, no problem.

You explained to us that it was Fasken's who recommended that you start doing business with Mr. Apps regarding your corporate structure.

Dr. Chris Mazza: Yes.

M^{me} France G  linas: Can you explain a little bit more to us as to how Mr. Apps started working for Ornge, with Ornge?

Dr. Chris Mazza: Well, we had a charitable entity, Ornge, and then we had the for-profit entity, Ornge Peel. You know, as we were moving forward, we were very, very aware that we were not to use grant funding in any business development, and yet we were to develop businesses that would generate revenue. So our structures were definitely challenging. We were moving forward to try to attract—we thought we would try to move forward and try to attract institutional investors. Our corporate counsel at the time, who was always our principal corporate counsel then, Cindy, said that Alfred might help us both with structural and trying to understand the institutional investor world. That's how that introduction came about: Cindy brought Alfred in to fulfill that role while she continued to be our primary corporate counsel.

M^{me} France G  linas: All right. About when did you find out that Mr. Apps had been president of the Liberal Party?

Dr. Chris Mazza: I actually don't recall when. I think it was, quite honestly, when I was trying to get hold of him about an issue, and he was always back and forth between Ottawa, and I asked why. That's when I became aware.

M^{me} France G  linas: When was the last time you communicated with Mr. Apps?

Dr. Chris Mazza: Not since I left Ornge.

1420

Interjection.

Dr. Chris Mazza: Yes, except I did read his report, which was sent to my counsel. But I have not communicated with Mr. Apps since the beginning of January 2011.

M^{me} France G  linas: You've told me that it was not the practice of Ornge to prepay for services. Any idea why it would have happened in the case of Mr. Guy?

Dr. Chris Mazza: No, I don't.

M^{me} France G  linas: No? We don't really know why?

Dr. Chris Mazza: I don't.

M^{me} France G  linas: Okay.

Mr. Jagmeet Singh: I'm just going to turn your attention to the Meyers Norris Penny audit that was done. The report took some time to come out in its entirety. Did ministry officials come to meet with you or anyone at Ornge to discuss some of the findings of that report and say, "Listen, there are some issues that the auditors have found. Let's work on fixing those"?

Dr. Chris Mazza: Oh, yes. There was a committee that was formed to address the issues. The ministry emer-

gency health services branch and Ornge were working on those issues.

Mr. Jagmeet Singh: Can you give me perhaps one example that was raised and one way that it was fixed—any example you can think of?

Dr. Chris Mazza: Okay. One of the concerns that they had was that our communications were informal. Although we had regular, almost daily—and that's absolutely accurate—conversations with multiple persons at the branch, we weren't diligent about a formal communications process. That was instituted immediately, actually, in the form of a set of quarterly meetings, with minutes being taken. It initially wasn't attended by senior staff, but eventually was attended by an assistant deputy minister.

Mr. Jagmeet Singh: That's very helpful. Do you know if all or a majority of the recommendations that were made were actually implemented or followed through on?

Dr. Chris Mazza: I'd have to answer that I don't know. I haven't seen the report in a long time and I don't remember.

Mr. Jagmeet Singh: It looks like the Auditor General, in his report, found some of the same problems that the MNP report found and commented on the ministry's responsibility to obtain certain information. I'm just going to read from his report. The Auditor General said in his report that they should ensure compliance and "the end result will be improved care, improved access to service, increasing effectiveness and efficiency of the delivery of service, and the assurance of greater fiscal and medical accountability." Did the ministry, on a regular basis, obtain even basic operational information about what Ornge was doing on a day-to-day basis, on an operational level, in terms of the aircraft, the rotary wing and fixed-wing, and what was going on?

Dr. Chris Mazza: Mr. Lepine dealt with all the reporting aspects of the performance agreement, and those reporting aspects were followed diligently. Everything that is outlined in the performance agreement we reported on. Items outside the performance agreement I'm not aware we would have reported on or were reporting on on a formal basis. We would have, if asked, reported on any number of issues—in terms of flight volumes, I believe the auditor made mention of—or a number of specific operational variables, but I am not aware of being asked for that, ever.

The Chair (Mr. Norm Miller): You have a minute left.

Mr. Roger Yachetti: Mr. Chair, through you to Mr. Singh, please, may I know the page you are reading from, sir?

Mr. Jagmeet Singh: Oh, it's not a page of anything. It's just some of my own notes.

Mr. Roger Yachetti: Oh, I'm sorry. I thought it was the actual report.

Mr. Jagmeet Singh: No.

Given the fact that the MNP report indicated certain things that the ministry could have done, the Auditor

General also commented on the ministry's failure to fulfill their obligations under the performance agreement. In your opinion, why do you think the government is arguing that the performance agreement itself is faulty, given the fact that the ministry itself is responsible for not fulfilling their oversight goal?

Dr. Chris Mazza: I don't know.

Mr. Jagmeet Singh: That's fair. I don't know either.

The Chair (Mr. Norm Miller): Thank you very much. We'll move on to the government. Ms. Sandals.

Mr. Roger Yachetti: Mr. Chairman, would this be an appropriate time for a short break, please?

The Chair (Mr. Norm Miller): Yes, it would be. We'll take a five-minute recess.

Mr. Roger Yachetti: Thank you.

The committee recessed from 1425 to 1438.

The Chair (Mr. Norm Miller): We'll call the committee back to order. It's time for the government's questioning. Who would like to do that?

Mrs. Liz Sandals: Yes, thank you.

The Chair (Mr. Norm Miller): Ms. Sandals.

Mrs. Liz Sandals: Thank you, Chair. I did just want to note, before we move on, a couple of things that the Auditor General said—one at his press conference, which was that the performance agreement was weak and it was not adequate and it needed to be significantly strengthened. In the actual report, the auditor says that the performance agreement "does not entitle the ministry to access the books and records of any of the entities that Ornge directly controls," and that's no doubt what has led to the difficulty which the ministry reported in terms of trying to get certain information from Ornge.

In particular, when Mr. Malcolm Bates appeared before us, he spoke about the ministry's attempt to have Ornge disclose your salary, Dr. Mazza. Mr. Bates, as part of that testimony, explained that he had called Tom Lepine to discuss your salary. Not surprisingly, given that, when Mr. Lepine was here, we did ask him about accessing salary and that information. I'd like to read you bits and pieces of the exchange that Mr. Lepine and my colleague Mr. McNeely had around your salary.

"Mr. Phil McNeely: When you heard about Dr. Mazza's salary ... what did you think of the \$1.4 million a year?

"Mr. Tom Lepine: I thought it was ridiculous and what I really felt is the same as I think most Ontarians felt, which is betrayed.

"I'm sure we'll get to the discussion later about some of the operational decisions that I had to make. To find out that I was being asked to make those types of decisions, up to and including the potential to have to close bases, in order to stay within budget, and to find out that he had a salary of that and, more particularly, the loans,"—which we referenced earlier—"I felt betrayed and angry."

And then, further in the exchange between Mr. McNeely and Mr. Lepine, they discussed the actual process of Mr. Lepine and others putting together the report for Minister Matthews, finally, on your compensation.

Mr. Lepine said, "He"—referring to you, Dr. Mazza—"walked into my office shortly before he went off and asked what we were doing. I told him what we were doing, and he said, 'Well, Lepine, you know what my salary is.' I said, 'I don't, Chris. We're pulling it all together.' He said, 'Well, it's \$500,000,' and I said, 'Well, it's not \$500,000, because we've already got documentation here that it's up over a million now and we're trying to include the rest,' and he said,"—that is, you said, Dr. Mazza—"Well, the rest of it goes to my private corporation." I said, 'But it's paid through taxpayers' dollars, Chris. That's your medical stipends and we're including that.'"

So the question is, Dr. Mazza, given this exchange, is it true that you were still telling Tom Lepine not to disclose all of your compensation even when Minister Matthews explicitly asked for it?

Dr. Chris Mazza: Ms. Sandals, in fact the conversation is inaccurate in some degrees. My salary was \$500,000. That is an accurate statement, and it is correct. What Mr. Lepine failed to disclose in that set of comments was that my chairman was in charge of that entire process, which was why I was unaware as to what anyone was doing in that office at that time. Nothing I said or did had any bearing on what Mr. Beltzner decided to disclose. I had nothing to do with it. What Mr. Lepine refers to, when he refers to "private corporation"—my confusion was what was being disclosed. Was it salary? Was it stipend? What was it? Again, it didn't really matter what I thought, Ms. Sandals, because my opinion wasn't going to have any bearing on what was done. Mr. Beltzner was in charge of that situation, as he had always been, and I left the room.

Mrs. Liz Sandals: So we've already had the discussion about what was bonus and what was performance and what was this and what was that—

Dr. Chris Mazza: The private corporation that I referred to had to do with my medical stipend, my medical corporation. That was my confusion with Mr. Lepine but—

Mrs. Liz Sandals: Thank you; because it sounds like you're still trying to park money even though the minister has explicitly asked for your total compensation.

Dr. Chris Mazza: No. No, ma'am. I was trying to understand what he was doing. At the end of the day, whatever I understood didn't matter anyway because Mr. Beltzner was in charge of that circumstance in that situation, and it was his dealing with the minister on this. I had nothing to involve myself in.

Mrs. Liz Sandals: Thank you, and I'm going to turn it over to my colleague Mr. Moridi.

The Chair (Mr. Norm Miller): Mr. Moridi.

Mr. Reza Moridi: Thank you, Dr. Mazza, for appearing before this committee.

Dr. Mazza, it has been said that the idea to create a province-wide air ambulance service was your idea. Is that accurate?

Dr. Chris Mazza: I think that I had a vision of a system of transport medicine that would benefit this

province and its people, particularly since what was happening in health care was the regionalization of highly technical, very demanding and very expert services. They were being regionalized, and yet there was no means for the people to be accessing those regional centres in an efficient and effective manner. I had a vision that, instead of a fragmented and disparate very dysfunctional system, we should move towards a consolidated single transport system that would be able to connect the various places in the province with the regional centres of excellence that were being designed.

Mr. Reza Moridi: When did you come up with this idea, Dr. Mazza?

Dr. Chris Mazza: I trained in emergency medicine from 1989 through 1994-95. In 1995-96, I began to be increasingly exposed to transport systems and transport medicine. I fell in love with the idea that you could bring the hospital to the patient, that you could improve care and allow systems of health care to evolve that would be able to get better for less through volume principles.

The idea evolved over the years, and I didn't really come to a clear assessment of what it could be, provincially, until well into 2004.

Mr. Reza Moridi: Did you ever talk about your idea to the Minister of Health at that time? Did you talk to the Minister of Health about your idea of creating such an organization?

Dr. Chris Mazza: Yes, I spoke to the Minister of Health at the time, Minister Clement, and I presented the ideas to Minister Clement in 2003, I think—it might have been 2002—early. Those ideas were met favourably. He understood the centre-of-excellence models, he understood how health care was regionalizing, and he understood the rapidly increasing costs that were difficult to contain. He urged me to proceed to delineate a way that this could be done, and I began to move forward, working with the bureaucracy, I think as I indicated earlier.

SARS occurred in Toronto, and I was immediately pulled into an executive group that was trying to deal with SARS. Really, nothing happened after that. An election was called shortly after SARS, and I then met a new minister and began the process again.

Mr. Reza Moridi: At that time, you were working at Sunnybrook hospital, I guess. You were employed by Sunnybrook.

Dr. Chris Mazza: As a doctor, I was not employed. I was self-employed.

Mr. Reza Moridi: You worked at—

Dr. Chris Mazza: I worked there. I was self-employed.

Mr. Reza Moridi: At that time, Fasken Martineau was legal counsel for Sunnybrook hospital. Is that correct?

Dr. Chris Mazza: Yes. That is how I met them.

Mr. Reza Moridi: During this time, who were your main contacts at Fasken's?

Dr. Chris Mazza: I already had met with—that was, I think, when I first met Cindy Heinz; I also first met

Lynne Golding and I first met Guy Giorno. Lynne was counsel to Sunnybrook.

Mr. Reza Moridi: Were you working closely with some well-connected Conservatives at Fasken Martineau, people including Guy Giorno, former chief of staff for Premier Harris and the future chief of staff for Prime Minister Harper? You worked with Kevin McCarthy, who is the current chief of staff to Minister Flaherty?

Dr. Chris Mazza: I don't know that person.

Mr. Reza Moridi: You don't know that person. You worked for Lynne Golding, the wife of then-Minister Tony Clement, the Minister of Health at that time?

Dr. Chris Mazza: Yes. The only correction I would make, sir, is that I didn't work closely with these people. Specifically, Lynne was Sunnybrook's counsel already, so I was introduced to her through—I don't remember his title, but he was the senior financial officer at Sunnybrook.

Mr. Reza Moridi: From the information, Dr. Mazza, that Fasken's has provided us, you were working with these well-connected Conservatives to lobby officials in the offices of Premier Eves, Minister Clement and the Red Tape Commission. What were you lobbying for?

Dr. Chris Mazza: The term "lobbying" confuses me. It's one that is often used. I'm not sure what that means.

At the time, as I said, I was working for Sunnybrook. I didn't know who to talk to or who we could talk to. Lynne made introductions. First of all, the Sunnybrook CEO and senior staff listened to the concepts, were supportive of the concepts and thought they were good ideas and good for the system and good for Ontario, so they introduced me to their counsel, whom I then proceeded to go through things with. She seemed to think it was a very positive and very good idea as well. The next introduction was to Mr. Giorno.

1450

Most of this was not, by my recollection, to lobby; it was more to tell us how we could have anybody listen to this. The Ministry of Health and Long-Term Care is a \$40-odd-billion corporation; it's pretty hard to figure out who to call or who to talk to sometimes.

I don't know when the McGuinty government introduced the anti-lobbying legislation; I believe it was in the second term. But certainly at that time hospitals had, and specifically Sunnybrook had, people in their employ who were designed to try to find their way through government. In our case, that is not what we were trying to do with Mr. Giorno or Ms. Golding. We were trying to understand how we could structurally and from a regulatory perspective present an idea that we felt from a functional and operational perspective was excellent, but how that could fit into the system that is government.

Mr. Reza Moridi: In 2003, Dr. Mazza, did you ever discuss with Mr. Giorno, Mr. McCarthy and Ms. Golding—

Dr. Chris Mazza: Did I ever—

Mr. Reza Moridi: Did you ever discuss with these people—Mr. Giorno, Mr. McCarthy or Ms. Golding—

that you were looking to establish a corporation that could generate revenue from outside sources?

Dr. Chris Mazza: I don't know Mr. McCarthy. I don't recall that name. I may know him, but I do not recall the name.

We were discussing the concept of transport medicine as a system perspective. We were discussing how the system had deteriorated to such an extent. We were discussing the antiquated infrastructure. We were discussing the unbelievable operational difficulties that were in the system at the time. We were discussing how the entire health care system was moving towards this regionalization element. We were also discussing, quite frankly, some of the very difficult things that were occurring in health care because of the new—pardon me, it's not a word, but—the municipalization of land ambulance and how movement now was significantly restricted and compromised. So we were talking about a systems design issue. In addition, we were talking about the growth of health care, the growth of cost of health care, and how generating revenue outside of that taxpayer base could be extremely beneficial to eventually sustaining an operation.

Mr. Reza Moridi: Was the government made aware of those discussions you had with these people?

Dr. Chris Mazza: I'm not sure I understand the question. The government as in the minister? The government as in—

Mr. Reza Moridi: Yes, the Ministry of Health or other ministries within the government.

Dr. Chris Mazza: Certainly the emergency health services branch was made aware that we were having conversations with, eventually, Minister Clement and also that we'd been in conversation with Fasken's, and these were things that we were very intrigued with and interested in, yes.

Mr. Reza Moridi: Was there any policy decision made by government authorities to go ahead with this proposition?

Dr. Chris Mazza: No. As I related, we were in process when SARS happened, and everything came to a grinding halt across the Ministry of Health and government in general.

Mr. Reza Moridi: Are you aware that the cabinet was made aware of this conversation or this decision?

Dr. Chris Mazza: No. Not aware of that.

Mr. Reza Moridi: Could you tell to the committee, Dr. Mazza, how closely you worked with Mr. Guy Giorno?

Dr. Chris Mazza: Not very closely. In fact, Jacob Blum pretty much worked with Guy Giorno. I had a few meetings with Guy—on the order of less than four. Shortly after SARS, I really had no contact with Guy ever again.

Mr. Reza Moridi: Could you tell us what was the nature of the work Mr. Giorno did for—

Dr. Chris Mazza: As I said earlier, Mr. Giorno was trying to assist us in how we might structure and build

out the concepts that would fit into changing the system from what it was.

Mr. Reza Moridi: What was the nature of the work Mr. Giorno did after the creation of Ornge in terms of operational and other matters?

Dr. Chris Mazza: I'm not aware.

Mr. Reza Moridi: I have one last question with respect to Mr. Giorno. Did you and Mr. Giorno ever discuss AgustaWestland?

Dr. Chris Mazza: Not that I recall, at the time.

Mr. Reza Moridi: You didn't discuss—

Dr. Chris Mazza: Not that I recall. At the time I, to be honest, didn't know who AgustaWestland was.

Mr. Reza Moridi: Would it be a fair statement to make that Ornge was originally conceived during the Harris-Eves governments?

Dr. Chris Mazza: I think it's a fair statement to make that—well, Harris, I believe was gone. Mr. Eves was the Premier, I believe, at the time. I think it is a reasonable statement to say that the concept of a unified transport medicine system with revenue-generating activities was conceived at that time, yes.

Mr. Reza Moridi: Would you say that it was the Harris-Eves government that planted the seed of what is now known to have become Ornge?

Dr. Chris Mazza: I wouldn't disagree with that statement.

Mr. Reza Moridi: Thank you, Dr. Mazza.

The Chair (Mr. Norm Miller): Mr. Zimmer?

Mr. David Zimmer: How much time, Chair?

The Chair (Mr. Norm Miller): About 10 minutes—nine minutes.

Mr. David Zimmer: Thank you. Did you have any input into the decision to fund Ms. Long's MBA studies at Western to the tune of \$90,000?

Dr. Chris Mazza: Mr. Chair, if it's appropriate, I'd like to comment on the MBAs in general so it will provide you some context. It's important to understand the process that was involved. The board of directors was very anxious and concerned about succession at Ornge. They were concerned about their dependence on certain key personnel and they were concerned that there was significant difficulty in finding the right folks that would fit the culture and the high performance that was required. I tell you that background because they asked that I have our organizational development team work on a succession plan, and that succession plan had associated with it a number of activities to identify staff that could be groomed for future executive roles.

Amongst them, this plan that came forward from organizational development had, at its heart, what was called the leadership academy. The leadership academy was Ornge's attempt and the board of directors' strong endorsement to identify staff from around the organization—the front lines, all the different departments—that could go to leadership and be exposed to something that they quite possibly had not had. The leadership academy would take place over a year, and staff would actually be separated from their work to go to a location where they

would go through a course load. It was something that we were in fact very proud of. That entire program was run by human resources and organizational development.

In the board presentation to put this together, it was defined at that board that we would offer postgraduate education to the top graduates of that program. Those persons would be scored by a scoring system used in schooling, and the top graduates would be offered postgraduate education. The postgraduate education that was chosen would be based on what the organizational development team and the human resources team felt was most appropriate for that particular individual and their skill set.

1500

Ms. Long was nominated by her director, as were many others nominated by their directors. Each department had a certain number of slots, and she filled one of the slots from her department. She had an exemplary performance, as I was aware, at the course, scored very highly, in the top of the class. I don't remember whether it was one, two or three. Accordingly, then, organizational development brought her forward as a candidate for postgraduate training in accordance with the board of directors program. Money had been set aside for this entire succession initiative.

This was something that was not unusual. It was something Ornge was trying to do to build from within and it was something that we had seen being done in the hospital system. I myself was provided with MBA background—I was funded, supported, to get my MBA by Sunnybrook.

So I guess that's a long-winded answer to your question, Mr. Zimmer, but I had no direct input into whether Ms. Long was selected for leadership, nor, obviously, could I have had input into her scoring so highly and so well in her leadership program that led to them offering a—

Mr. David Zimmer: Thank you, and just a follow-up question: Earlier in your evidence, you mentioned that you received a medical stipend, I guess, to practise medicine. Were you seeing patients, or what was the medical stipend for?

Dr. Chris Mazza: So this is historical and went through—from when the program started, you had a role in a medical director capacity, so therefore you had obligations as a medical director or then further obligations: exams, evaluation, ride-outs, that sort of thing. Effectively, Mr. Zimmer, as a transport medicine physician, when you are delegating, you are seeing patients in accordance with the College of Physicians and Surgeons, but you're not billing through OHIP.

Mr. David Zimmer: And what sort of figure was that? What dollar value was it?

Dr. Chris Mazza: I actually don't recall, sir.

Mr. David Zimmer: A large amount, a small amount?

Dr. Chris Mazza: I can't recall, sir.

Mr. David Zimmer: All right.

I have some questions about Mr. Blum. Mr. Blum appeared before the committee, and, as a result of his

evidence, I understand that the two of you met in 2002 or thereabouts, when you were both at Sunnybrook. I understand that's correct?

Dr. Chris Mazza: No, I did not meet him at Sunnybrook. We had moved to—I don't remember the date, sir, but we had moved off-site from Sunnybrook. The air base hospital program had moved off-site because Sunnybrook had no more room and we were renting space somewhere just north of Toronto EMS's location. I can't remember the address. I apologize. And—

Mr. David Zimmer: But you met in a Sunnybrook context?

Dr. Chris Mazza: Pardon me?

Mr. David Zimmer: You met in a Sunnybrook context?

Dr. Chris Mazza: We were the Sunnybrook base hospital but he was brought to me by a headhunter who said, "You should meet this guy. You might be interested in him."

Mr. David Zimmer: And about what year was that, roughly?

Dr. Chris Mazza: It was 2001 or 2002—2001.

Mr. David Zimmer: All right, thank you.

In your earlier evidence you referred to Jacob Blum's departure from Ornge, and I'm quoting you maybe half an hour ago: "after Jacob had moved on." That's what you said. When Mr. Blum was here, and indeed some other witnesses—there are some conflicting stories or interpretation about why he left Ornge in 2007. So Mr. Blum unequivocally told this committee that he resigned. Tom Lepine, however, told the committee that Blum had been fired by the board. When I examined Mr. Blum myself, he equivocated as to whether he was fired or resigned, and then the answer was, "I departed," and it was unclear.

So, in your view, did Mr. Blum resign or—

Dr. Chris Mazza: Mr. Blum did not resign.

Mr. David Zimmer: All right. Was Mr. Blum fired?

The Chair (Mr. Norm Miller): If you can answer in about a minute, that would be great.

Dr. Chris Mazza: Mr. Blum was encouraged to move on in his career, and effectively, then, I suppose, he was fired. Yes, sir.

Mr. David Zimmer: I'll stop there, Chair, but I do want to pick this up in the next round.

The Chair (Mr. Norm Miller): Very well. In our last round of questioning, you have about 16 minutes each. Mr. Klees, you have the floor.

Mr. Frank Klees: I was not going to pursue this, but I will, given Mr. Zimmer's questioning. Mr. Blum tabled with the committee his severance agreement, which was very rich: one-year continuation of salary, bonuses, \$20,000 for education and so on. That's a pretty strong severance package for someone who was fired. What was he fired for?

Dr. Chris Mazza: Mr. Blum had some substantive personal challenges that he was dealing with at the time, and they had been going on for some time. Those personal challenges were affecting his productivity. I had

been urged repeatedly by my board chair to take some definitive action on this issue. I was concerned about Mr. Blum's health. I was concerned about his personal challenges. I probably delayed longer than I should have, as his productivity was falling.

Mr. Frank Klees: Mr. Blum disclosed some time ago—in fact, very publicly—that he suffered tremendous stress. That seems to be something that's common to people who work at Ornge. He also admitted very publicly that he developed a dependency on drugs. He himself admitted that there was a point in his life when he was dependent on cocaine. He testifies today that he has struggled with that but, through the support of friends, through the support of Bellwood, he is free and clean and is moving on with his life. Can you tell us if at any time you yourself supported Mr. Blum in his drug dependency?

Dr. Chris Mazza: Oh, my God.

Mr. Roger Yachetti: Excuse me, just a moment. Can we understand the question? Supported him in what sense?

Mr. Frank Klees: Why don't you let your client answer the question?

Mr. Roger Yachetti: I don't understand the question. I don't—

Mr. Frank Klees: You don't have to. I'm sure your client does, because he was there.

Mr. Roger Yachetti: Do you understand the question?

Dr. Chris Mazza: No, I don't. Supported him in his drug dependency?

Mr. Frank Klees: Did you issue personal cheques to the pharmacy that was frequented by Mr. Blum, where those cheques were cashed by the pharmacy and where the cash was given to Mr. Blum, which he could use to purchase on-street drugs?

Dr. Chris Mazza: I—

Mr. Frank Klees: Be careful in your response.

Dr. Chris Mazza: —provided support for what I believed were his pharmaceuticals to control his mental illness. If I had ever known that he was using that to use illicit drugs—I provided him with support because he had nobody that would help him, and I believed that he was ill. I believed he had a mental illness. I believed he needed help. I didn't want him to suicide. He would call me frequently, text me, telling me how he was on the verge of suicide. He was seeking mental assistance, he was seeking mental help, and he couldn't afford his medications. He was on Seroquel, he was on a number of medications, and I tried to help. If for any second, ever, I thought that he would use that money for drugs, not only would I have been devastated, but I would have been livid.

Mr. Frank Klees: Why did you refuse his wife's appeal to you and his rabbi's appeal to you to join in a community group to support him and to help him through his drug problem?

Mr. Frank Klees: Including prescribing Percocet to him?

1510

Dr. Chris Mazza: No, sir—

Mr. Frank Klees: You never prescribed Percocet—

Dr. Chris Mazza: Sir, Mr. Blum's private health records: Are they the matter of this committee? Because I saw Mr. Blum once as a patient who had severe back pain.

Mr. Frank Klees: Sir—

Dr. Chris Mazza: Are you asking me as a physician to reveal the confidences of my patient?

Mr. Frank Klees: I have the permission of Mr. Blum—

Dr. Chris Mazza: I don't have the permission.

Mr. Frank Klees: He's here. He's willing to give it to you.

Dr. Chris Mazza: I can't accept it.

Interjection.

Mr. Frank Klees: Let's deal with this. I want to know this: Did you at any time while you were the CEO of Ornge prescribe Percocet to one of your employees named Jacob Blum? Yes or no?

Dr. Chris Mazza: To the best of my recollection, I saw Jacob Blum as a patient for severe back pain, which was incapacitating him, and I provided him with a very limited prescription—no repeats—for Oxycodone, otherwise known as Percocet, and urged him to follow up with his family doctor. I had no knowledge at any time of his dependence on said substance at that time. I had no awareness that this was anything other than an individual coming to me for assistance and help. I believed I was helping him.

Mr. Frank Klees: Did you make it a practice to provide prescriptions to employees?

Dr. Chris Mazza: Sir, I only prescribed to patients or individuals with whom I had completed an exam, had an appropriate medical diagnosis and felt appropriate about that.

Mr. Frank Klees: Was Jacob Blum registered as a patient of yours?

Dr. Chris Mazza: Sir, I saw him in that capacity, and that is why, in my testimony here, you heard me not wishing to speak about these issues. I saw him in that particular moment as a patient, and I tried to help him as a patient. Later, when I provided cheques to his pharmacy, I provided it that way because, quite frankly, sir, I believed that was the safest way to make sure that he was not going to use it any other way. I understood it was for drugs that he was prescribed by his physicians.

Mr. Frank Klees: Perhaps you could have been a little more cautious as a physician. As a physician—

Dr. Chris Mazza: Sir, to the best of my ability, this was a patient in need. He was a patient in severe pain. He didn't have anywhere else to go at that time. And, as it was typical, I would only prescribe a very limited prescription, perhaps 10 or 12 tablets, and that was standard, to restrict the individual from abusing the situation. I urged the individual to then follow up with their family doctor.

Mr. Frank Klees: You didn't think that was a conflict—you were the employer—for you to prescribe Percocet to an employee who was struggling? There was a lot of—

Dr. Chris Mazza: Sir, I had no idea that the employee was struggling. At the time that I prescribed Percocet, this was a productive employee; this was an employee who was functioning. He had a back problem. As a matter of fact, he came to me with a back problem and asked me to try to find him a surgeon. He asked me to try to find him a doctor that could help him. I actually connected him to doctors at the hospital in order to help him as well, sir.

So I went out of my way to try to help an individual, and that's what I've always done as a doctor: to try to help someone. Did I see it as a conflict? No, I did not, because I was treating him, at that point, as a patient in need. In fact, he went on a leave shortly thereafter to deal with his back surgery and back problems.

Mr. Frank Klees: Thank you. I'd like to move on to the document that was provided to you earlier entitled Investigations Concerning Air Ambulance and Related Services. It starts with page 9—there were some cabinet covers on here. On page 10, at the top of the page, there's a note.

Mr. Roger Yachetti: Do we have that document?

Mr. Frank Klees: Yes, you do. I gave it to you earlier today.

The note reads as follows—keeping in mind that this is a confidential cabinet document and was prepared by the emergency health services branch—I believe that's it, that you have in your hands there.

Interjection.

Mr. Frank Klees: Yes. If you would look at the second page, which is actually numbered page 10. The top note: "Please note that Ornge's chief operating officer indicated that a 'method of counting patients was mandated by the CEO with the intention of demonstrating an increase in activity associated with the transition of air ambulance from the Ministry of Health to Ornge.' The result is that Ornge has transported an annual average of 8.9% fewer patients since 2006-07 than it previously reported (this equates to more than 2,100 fewer patients transported in 2010-11)."

According to this document, the direction that you gave your chief operating officer was to fudge the numbers. Why did you do that?

Dr. Chris Mazza: I have no recollection of any statements of that kind whatsoever, nor do I understand why I would ever do that. Any funding that we received had nothing to do with the numbers of patients transported. Moreover, my motivation, focus and interest was on why we couldn't get to all the people. I was desperately trying to ascertain what the number was that we couldn't get to. I needed to try to understand it. There were no numbers that were in existence. Most of what I was trying to do was figure out what that number was. Part of my original study was to try to figure it out. That was not a very

complete method. We tried to bring the Hay Group in to try to figure it out. The data was poor and difficult.

We actually were in the process of trying to use surveys and physicians' assessments in the field to try and assess demand that was out there that didn't even make it to our communications centre. Our focus was always to try to assume what the number was.

Mr. Frank Klees: I think the conclusion that everyone reached about that is that you wanted to make things look better than they were. I'd like to go on—

Dr. Chris Mazza: No, that's not the conclusion at all. I believed that at all times the data and the statistics I was receiving were an accurate reflection of what was going on.

Mr. Frank Klees: Chair, how much time do I have, if you wouldn't mind adding in all of that other time—

The Chair (Mr. Norm Miller): You have five minutes.

Mr. Frank Klees: Five minutes.

I'd like to go through a couple of these references in this investigation report, because at the end it really is all about patient care. That's why we're here. We're here because the Auditor General's report gave us serious concern that Ontario patients' needs were not being met.

This document in front of us itemizes some 27 investigations in which Ornge was the primary subject and 10 other investigations that were supplementary to that. There are an additional 45 events that happened subsequent to January 1 of this year. These are incidents that refer to operational issues at Ornge, where paramedics were not able to take a patient on board because of the interiors. You dispute that, but that is what is in these reports. These reports refer to patients not being airlifted because there were not enough pilots. There are other incidents where patients were not able to be airlifted because there were not enough paramedics. There is a policy that had been put in place by Ornge to downstaff to save money.

At the end of the day, this report, I believe, is a condemnation of how business was being done at Ornge. I hear your defence of your vision and I would be the first one to support a restructuring of an organization and modernizing an organization and ensuring that it is efficient. I can tell you that what has happened here and the question that I would ask you is, given the initial vision that you had to restructure this air ambulance service and to make it more efficient, how did we get to the point where that vision became so clouded that we ended up essentially wasting multi-millions of dollars and we ended up frustrating front-line paramedics, front-line pilots?

I'm going to share an email that just came in at 2 o'clock this afternoon on my BlackBerry—

Mr. Roger Yachetti: With the greatest of respect, I'm sorry to interrupt you, sir, but is there a question there that he can answer?

Mr. Frank Klees: I will get to it. I have five minutes left and you're eating into my time. If you'll allow me to do this, I'm glad—I'm absolutely glad—to do that.

Here is the email that just came in at 2 o'clock. As I said, there are people watching. This is from a medic with 20 years' experience: "We still cannot intubate a patient in the new interior. We also cannot do something as basic as sit a patient upright if they are short of breath. Our biggest ongoing issue is trying to load and unload our patients. It takes two to three times longer to do this simple act.

1520

"As well, when the first aircraft came online in Sudbury, he was advised of all the issues with the new interior. He"—referring to Dr. Mazza—"made direct threats to a medic to shut up or face the consequences.

"I'm a medic with 20 years of experience, and I would honestly rather be on the old aircraft.

"Please contact me if you have any questions."

I'm sharing this with the committee and with Dr. Mazza for this reason: because, at the end of the day, what we want to do is restore confidence in our air ambulance service. We want to ensure that we do have the best air ambulance service in this province. But something is wrong with the way this organization has been managed. Something is wrong with the structure, and we need to fix it.

Rather than have the current government continue to try to make something into what it is not, what we need to know from our witnesses—and I'll include you, Dr. Mazza, in this—is, what will it take to restore confidence in our air ambulance service? I'd like your opinion on that.

Mr. Roger Yachetti: Is that the question, Mr. Chair?

The Chair (Mr. Norm Miller): That is the question, so I'll let—

Mr. Roger Yachetti: We haven't seen that email. Who wrote it, may I ask?

Mr. Frank Klees: Let me tell you: I can't tell you, and the reason I can't is—

Mr. Roger Yachetti: Wait a minute, now. Wait a minute.

Mr. Frank Klees: No, no. I can't tell you because this is an employee of Ornge—

Mr. Roger Yachetti: You're trying to impugn this man—

Mr. Frank Klees: —who is concerned about his job—

Mr. Roger Yachetti: —on the basis of an email that you won't tell us who wrote?

Mr. Frank Klees: That's right. You know why? Because there's no whistle-blower protection at Ornge, which was recommended by the very report that was referred to by Dr. Mazza.

The Chair (Mr. Norm Miller): Mr. Klees, let's—

Mr. Frank Klees: That's why.

The Chair (Mr. Norm Miller): There was a question there. Do you want to respond, Dr. Mazza? Otherwise, we shall move on to the NDP.

Dr. Chris Mazza: To be honest, Mr. Klees, there is so much that you have said, I'm not sure how to respond. Some of the things that have come out in your discussion

have been very wounding for me personally. I'm sure that's not your intent.

I believed, and I still believe, in what we were doing. I thought that the interiors were designed with tremendous input from paramedics. I asked the union to bring forward the two paramedics. I asked the doctors to bring forward a doctor. I had no input myself, sir, into the design. I was not involved at all, nor did I demand that I change anything. When the design came back, I brought it to the board of directors and got it approved.

I already indicated I was not aware of the design challenges, particularly regarding airway and CPR. I became aware, actually, through front-line staff informing me. This was late, and it was after the London introduction. I knew there were some vibration challenges. I was told by the aviation department that that was being dealt with. Any and all issues that came forward, I was told they were either educational issues and/or minor issues that could be dealt with and improved.

When I became aware that there were more significant concerns, I immediately asked my chief operating officer to focus his utmost attention on this issue, which I believe he did.

I would counter the individual who is writing you that email. The system is never perfect, and, Mr. Klees, I'm sure you'd tell me it's far from that now. But that is certainly what I was working towards, to try to improve it. I have done the best I can.

The only other thing I would say is that an organization that I worked with for some time in the west actually took four years before they could even get their helicopters in operation, due to interior challenges. It is not an easy solution.

I thought that we had done a very good job. I thought that my operational people had informed me that they had ways to deal with the shortcomings. I thought that the future looked brighter because the shortcomings had been identified and we were going forward. I believed that the issue of continually taking feedback and trying to improve on something was what I was dedicated to do. It's what I believed in, sir.

The Chair (Mr. Norm Miller): We'll move on to the NDP.

Mr. Roger Yachetti: Mr. Chair, may I say something? First of all, I want to apologize to you and to Mr. Klees for my outburst. But in a court of law, that kind of cross-examination is not permissible. You cannot cross-examine a witness on a document you will not identify. With the greatest of respect, if that line of questioning is going to form any part of this committee's decision, I insist on receiving a copy of it on behalf of Dr. Mazza.

Mr. Frank Klees: Sure.

The Chair (Mr. Norm Miller): Thank you for your comment. We'll move on to the NDP. Go ahead, Ms. Gélinas.

M^{me} France Gélinas: I have a couple of loose ends, as I think this will be our last rotation. You're okay, Dr. Mazza?

Dr. Chris Mazza: Yes.

M^{me} France Gélinas: You're good? Okay.

You've mentioned that after the audit was done, you formalized quarterly meetings.

Do you want a minute?

Dr. Chris Mazza: It's okay, ma'am. Go ahead.

M^{me} France Gélinas: You formalized your meetings and you started meeting more formally on a quarterly basis.

Dr. Chris Mazza: Yes, ma'am.

M^{me} France Gélinas: Do you remember if minutes were kept of those meetings?

Dr. Chris Mazza: It's my recollection that minutes were kept of those meetings.

M^{me} France Gélinas: Okay. I will ask the clerk to make sure that we get a copy, please, of those minutes.

Dr. Chris Mazza: I was not present at those meetings.

M^{me} France Gélinas: You were not present?

Dr. Chris Mazza: No.

M^{me} France Gélinas: Okay. Who would attend?

Dr. Chris Mazza: My chief operating officer, Mr. Lepine; I believe Ms. Renzella; I think that often Mr. Farquhar; I'm not sure of others. Sometimes it depended on what the various issues were.

M^{me} France Gélinas: Okay; no problem.

If we follow your budget from the time the air ambulance got divested and started, and through Ornge and all this, you were quite successful at being able to increase your budget a little bit year to year. In one particular instance, you were successful in getting a \$2.5-million increase to your annual budget based on the needs for salaries. Was the negotiation of your budget and your yearly agreement—was this something that you negotiated yourself, or—

Dr. Chris Mazza: No.

M^{me} France Gélinas: No?

Dr. Chris Mazza: No. The ministry has a fairly rigid process involved in that that involves a rolling five-year plan. Budgets would be built by finance beginning pretty much in the fall leading up to presentations to the ministry.

In the beginning, the budgets were always brought forward, but there was a consumer pricing index-based increase or an escalator that was in the original performance agreement. Thereafter, it became a year-by-year.

M^{me} France Gélinas: Did you have any dealings yourself with the ministry trying to get resources for Ornge?

Dr. Chris Mazza: Of course, when budgets were looking even worse and were difficult, then it would always—not with the emergency health services branch. In one particular occasion—and I only really remember the one—trying to convince the ministry that the HST was a substantive impact on us because of our aviation exposure and was there a way for us to deal with that since it was sort of a, "Here's the funding envelope but we're going to take it back with the other hand." That's the extent of it.

I suppose the only other time I was involved was with the critical care land transport system, but that wasn't about funding; that was just about a system.

1530

M^{me} France Gélinas: And did the ministry refuse to co-operate with Ornge, or what happened?

Dr. Chris Mazza: Regarding what, ma'am?

M^{me} France Gélinas: That particular example.

Dr. Chris Mazza: The HST?

M^{me} France Gélinas: Well, sure. With the HST, how did that settle?

Dr. Chris Mazza: It didn't.

M^{me} France Gélinas: You had to pay, just like everybody else?

Dr. Chris Mazza: Yes, there was no—yes.

M^{me} France Gélinas: Do you remember, in your relationship with the ministry, either asking for permission or asking for resources? How did that go in general?

Dr. Chris Mazza: I think the emergency health services branch always worked to its best ability, in my opinion, to try to get us what we needed, but the reality was, there really weren't any resources. Resources were extremely constrained, so usually that didn't meet with any success, or not much.

M^{me} France Gélinas: If we look at it the other way around, if the emergency health services branch came to Ornge to gain access to program services data, would they have had difficulty getting this?

Dr. Chris Mazza: No, not that I'm aware of. We would have provided whatever they asked for.

M^{me} France Gélinas: Did they ever come to you requesting information, or was it always to Mr. Lepine or Ms. Renzella?

Dr. Chris Mazza: No, I don't recall them coming to me. I think in the very beginning, Malcolm and others would work through me, but I would inevitably be directing them to the executives, so that just became how that went on. They didn't come to me.

M^{me} France Gélinas: When you started putting forward—we'll talk about Ornge Peel as the first for-profit that was set up. Did the government ever follow this process? Did they ever ask for a golden chair or anything like this as you developed the for-profit?

Dr. Chris Mazza: No.

M^{me} France Gélinas: Would they have had an opportunity to ask?

Dr. Chris Mazza: Sure; they had an opportunity to ask whatever they wanted.

M^{me} France Gélinas: But they never came forward?

Dr. Chris Mazza: No.

M^{me} France Gélinas: I realize you're guessing, but how do you figure it would have been received if the government wanted a seat on the board of your for-profit company?

Dr. Chris Mazza: I don't know that I have an answer to that. It's hypothetical. I'm not sure how my board would respond.

M^{me} France Gélinas: No? It was never discussed?

Dr. Chris Mazza: No, it was never brought up as an issue that anybody was interested in, so that's why I don't really have an opinion on it. For me to form an opinion here, right now, I think is not appropriate.

M^{me} France Gélinas: Fair enough.

It's hard for me to understand. You're the CEO of Ornge. Your main funder is the Ministry of Health. You decide to go with what I will call this "blast" briefing in January 2011, and yet yourself, as the CEO, don't attend. You send counsel; you send the board chair. I would absolutely see the board chair there. How come the CEO did not attend?

Dr. Chris Mazza: The only answer I have is it was determined by the chairman that he wanted to lead the interaction, and Mr. Lepine was there for operational support and counsel. I don't know.

M^{me} France Gélinas: Does it sound like your board was taking away some of your power? As a CEO, you should be the one representing your agency, especially to your main funder.

Dr. Chris Mazza: Well, I suppose, ma'am, this is something that I've been painted with, as if I wanted power. That's actually not who I am. I was never concerned about my board taking—the board, the chairman; I just refer to it as "my" as you were saying that. You were saying that the board was very close to me on everything. I would bounce ideas off the chairman consistently and constantly, and others.

Another good example of not being concerned about my—you used the word—"power" being eroded was that the chairman of the finance committee interacted directly and often with the CFO. I was not present at that either, frequently. It wasn't a concern for me, either.

I understand your point, but I did not feel eroded and I did not feel challenged. I felt that the chairman had the best interests of Ornge at heart, and so did I. I felt that Mr. Lepine also had the best interests of Ornge at heart.

M^{me} France Gélinas: Then why would you send a lawyer to talk to the government?

Dr. Chris Mazza: This was purely educational. It was to explain the structure, to explain the issues—I learned a long time ago that probably the brightest physicist on the planet can explain what a black hole is to my 13-year-old. I can't. Sending counsel in: Since they knew the situation so well—the structure, the issues, questions that might come up—they would be the best ones to explain it in a very in-depth manner. It was in an effort to provide as much and as much appropriate information as could possibly be provided.

M^{me} France Gélinas: It didn't worry you that here you were, the CEO of what was becoming a more and more complex organization—certainly, the corporate structure is very complex. I still don't fully understand some of it, and I've been dealing with this file for it seems like a very long time. Here you are, the CEO of this organization that has this complex corporate structure, and there are people who understand the structure better than the CEO.

Dr. Chris Mazza: There are people in the organization who understood a lot of things better than the CEO. It was the nexus of medicine and aviation, and I understood medicine very well and I had a reasonable background in understanding business, but I would never put myself as an expert in strategic finance. I didn't understand accounting as well as the accountants did. I certainly didn't understand law or legal issues as well as the lawyers did. Importantly, I didn't understand operational aviation specifics the way that the aviators did. So I relied on a team of experts, and I saw my job principally as trying to lead that team, inspire that team, encourage that team and move us towards the goal that we saw, which was improving the system and improving the benefit to Ontario.

M^{me} France G  linas: Had things turned out differently, do you figure you would have drawn the line at some point and said, "This is too complex for nothing. What we want to do is provide good medical transport, try to generate some profit, and what we've got going here is way too complex for nothing"? If a reasonable person spending quite a bit of time cannot understand what's going on, why is it so complex?

Dr. Chris Mazza: So the question is?

M^{me} France G  linas: Would you have drawn the line at some point or would you have continued?

Dr. Chris Mazza: I think my vision was and the ideas that the board believed in were that we would be successful in generating revenue globally, bringing that back and improving the systems and services in Ontario. That was what we believed. If that was not panning out, we wouldn't have continued down that path.

It's kind of a roundabout way of answering you.

M^{me} France G  linas: Good enough. Jagmeet.

Mr. Jagmeet Singh: Thank you. In retrospect now—hindsight's 20/20—looking back, in Ornge, what are some of the key things you recognize now that could have been fixed or could have been improved?

Dr. Chris Mazza: With Ornge or with—

Mr. Jagmeet Singh: With all of it, yes.

1540

Dr. Chris Mazza: I think, in hindsight, I would be much more focused on ensuring that I had a written set of statements, that there were no concerns, no questions and no issues. What I mean by that is that in briefings etc. I would probably demand in my future that I see somebody signing off on that and saying, "I agree that I understand," and not just depend on words. I think that's probably number one.

I think number two is that I'm aware that some of the executives felt that we moved too fast. I can only say that if any of them had told me that they couldn't cope or that they were unable to perform their duties to the best of their ability then I would have tried to find a way to slow down, but nobody told me that. I was driven by a focus on people who weren't getting the service that they needed because we didn't have a system that could meet all of their needs. I was driven by the numbers of what we had seen in the gap and what we believed was a gap

in service. I was very focused on that. If I had to say, I wish that I could have seen more clearly, perhaps, that even though they weren't telling me that they were overwhelmed, that they perhaps were—

Mr. Jagmeet Singh: Who do you mean by "they"?

Dr. Chris Mazza: The executives.

Mr. Jagmeet Singh: Okay.

Dr. Chris Mazza: Even if they weren't telling me—because they never told me that they couldn't do more or that we were moving too fast—I wish I could have seen it. I wish I could have perceived that and slowed things down. I regret that.

The Chair (Mr. Norm Miller): We'll now move to the government for your last 16 minutes. Go ahead, Mr. Zimmer.

Mr. David Zimmer: Thank you, Chair. Very briefly, I just want to finish up on a question about Mr. Blum. I listened to your testimony. You talked about—that you genuinely wanted to help and were trying to help Mr. Blum with his issues that he was dealing with. Then, eventually the relationship deteriorated, because you did earlier, in answer to my questions, say that eventually Mr. Blum was fired. What caused your attitude to change from one of "I want to help you, Mr. Blum," to "I'm sorry, we've got to fire you"?

Dr. Chris Mazza: No, the timing is wrong. None of us really understood the depth of the problem. We didn't understand that the issue was as grave. We understood that there were a lot of personal challenges—a lot—but we didn't understand the substance issue at all at the time. There was some productivity challenges. We thought that we could work, in a mediated process, to try to change workload, to alter workload and to move forward, and we did all those things but it wasn't helping. HR tried a number of ways of encouraging or helping. As I said, I was under a fair bit of pressure from the executives, who were increasingly frustrated, and the board. So, we then moved to Mr. Blum's moving on.

The issue around me wanting to continue to help is: I did. I tried to stay in touch. I tried to stay supportive to the best of my ability, and that included trying to help, as Mr. Klees described, pay for what I thought were legitimate pharmaceuticals at a pharmacy. I even had the cheque brought to the pharmacy and given to the pharmacist so that it was appropriately utilized.

Mr. David Zimmer: What motivated you to continue with your efforts to try and help?

Dr. Chris Mazza: Because I care about people, and I was sad that—I said that we didn't know the issues were as deep as they were, but it became clear in his departure that those issues were extremely deep. They concerned me greatly, and I saw another human being in trouble. My tendency is and has always been to try to reach out, to try to help.

Mr. David Zimmer: Mr. Blum gave some evidence here before the committee recently. In his opening remarks, he complimented you. He said, "Dr. Mazza had the necessary personality to drive the breakthrough of inertia that the air ambulance"—the old air ambulance

system—"program found itself in at that time." That was his position a few weeks ago here.

Yet Mr. Blum's position in a story that appeared February 7, 2012, in the Toronto Star—reporter Kevin Donovan quotes Mr. Blum as saying this about you, sort of the extreme opposite: that he saw you use "public money ... for private gain" and called you a "monster."

Can you offer any insight into what was going on in Mr. Blum's mind here?

Dr. Chris Mazza: No, sir. I was deeply hurt by what was written. I was deeply injured and surprised. I was not aware. I thought I had helped him. I thought I had done the best I could to help him when even my human resources vice-president told me to stop trying to help.

Mr. David Zimmer: Thank you. My last question is, looking back on this whole exercise, there are probably lots of things that you would do differently, but what do you think is the single most important or significant thing that you would do differently if you could wind the clock back?

Dr. Chris Mazza: I think that I would be more aware of the difficulties of institutional history within government and, as I said to Mr. Singh, I would ensure that individuals gave more than their verbal and tacit approval or their lack of concern.

Mr. David Zimmer: Thank you.

The Chair (Mr. Norm Miller): Mr. McNeely.

Mr. Phil McNeely: Thank you, Dr. Mazza, for being here today.

I was a senior officer in my own company for about 35 years, so I've had some business perspective. I'm trying to think of what has happened here with that background. I had a legal firm that I consulted with and my board consulted with very often. I had a chief financial officer who was a chartered accountant, as I believe Ornge's was as well. We made major decisions with the input of partners. I started as a sole practitioner, but I did have approximately 20 shareholders at the height, over 100 people, and we were quite successful over many years.

But I followed the rules and decisions that were taken with the advice of the shareholders, with the advice of the CFO and with the advice of the lawyers. In my case it was 18 or 20 shareholders. In your case it was really 13 million Ontarians.

1550

So you, with the help of your lawyers and the CFO and the board, I believe made decisions which were not fair to the people of Ontario who gave you their trust. You used property that was rented by Ornge to realize a profit that really went into a private company. You accepted payment from Agusta around the purchase of the helicopters. Those dollars ended up being in a private company.

I see that before the private company made profits, you were bonusing out your board. However it happened, you were the CEO. You were bonusing out significant dollars and taking a major salary, a salary which has been

described here I think by many witnesses as completely out of a realistic approach to salaries.

I'm just wondering, and I also wondered during this process: What were the corporate lawyers of Ornge doing? What was the CFO for Ornge doing? Where were you when the people of this province were not being represented by Ornge corporate lawyers, accountants and board members? That leadership should have come from you. Instead we find that significant—an over \$1-million salary; over approximately \$1 million in loans. These are huge dollars. Where were you when these decisions were made and where did you think the 13 million Ontarians—who was protecting them?

Mr. Roger Yachetti: Mr. Chairman, I would instruct Dr. Mazza to not answer that question. It is unintelligible, with the greatest of respect.

Mr. Phil McNeely: Well, it seems to be the direction it's gone. If you don't wish to answer that, that's fine. I'll proceed with another question.

Mr. Roger Yachetti: No, don't give up so easily.

The Chair (Mr. Norm Miller): If Dr. Mazza needs clarification, counsel—if you please, ask for clarification, Dr. Mazza.

Mr. Roger Yachetti: There are about 10 questions in what Mr. McNeely said. I don't know which one he wants him to answer.

The Chair (Mr. Norm Miller): Please let Dr. Mazza respond.

Dr. Chris Mazza: I don't know which question you want me to answer, sir.

Mr. Phil McNeely: Where was the CEO, yourself, when the taxpayers of Ontario were being not considered in the process?

Mr. Roger Yachetti: Excuse me for a moment. Excuse me, Mr. Chairman. One of the things you said, one of the premises you said in your lengthy dissertation was that his salary was over \$1 million. He has already testified under oath that his salary was \$500,000. It's an incorrect premise, and there are a number of incorrect premises in the question.

I'm not trying to obfuscate here. I want this member to have his questions answered, but could he put them serially?

The Chair (Mr. Norm Miller): We're just about done the day, so we'll give Mr. McNeely a chance to get the questions a little more specific, then, please.

Mr. Phil McNeely: I do not believe that the people of Ontario were well represented by professionals in the corporation, by the board, and by the CEO, Dr. Mazza. Can you respond to that?

Dr. Chris Mazza: I poured my heart and soul and everything I had into building Ornge to be responsive and something good for the people of Ontario. It was my primary motivation. It continues to be. I understand you disagree with me on that, sir, but I did everything I knew to try to improve the system and to deliver better care and to do a better job and to save lives. I had tremendous motivation to do so.

Mr. Phil McNeely: Normally in private corporations, at least certainly my experience over 35 years, was that when you make profits you then can take them out. It appears that the profits were being taken out before there was any money other than taxpayers' money in this process. Can you respond to that?

Dr. Chris Mazza: I don't understand the question. I understand that the board of directors gave me a mandate, gave me a set of obligations, goals, deliverables. They set a salary; they paid that salary. There were any number of business initiatives that were going on and we were on the verge of moving forward with, so I don't know how to answer your question, sir. I've spoken to salary before. My salary was defined with third party compensation advisers. It was defined looking at data in an exhaustive approach. It was determined by the board of directors. I had no input into that. I accepted it.

The Chair (Mr. Norm Miller): You have three minutes left, Mr. McNeely.

Mr. Phil McNeely: I'll just take one, then. We know that you were the CEO of Ornge and that you were a board member and shareholder for some of the for-profit entities. Would you agree that you had an obligation to act in the best interests of each company for which you were either a member of the management or a board member?

Dr. Chris Mazza: I am confused by the number of questions that just came out there. Again, I apologize. I'm exhausted.

I was not on the boards as a voting member other than one, OGMI. I did not have shares in anything other than OGMI, and that was a holding company. That was a determination that was also made by the board of directors with counsel and third party compensation advisers.

I'm not sure if I answered your question or not, sir.

Mr. Phil McNeely: I think I will leave it at that. I just end up with that when you're on for-profit and not-for-profit and you're wearing those different hats, that's a problem. But I will go now to—Ms. Sandals would like to have the last two minutes.

Mrs. Liz Sandals: Yes. Let me take a crack at this the other way around. You've testified many times over the course of the day that your primary motivator, your primary focus, was on serving the people of Ontario. I'm wondering, with everything that's happened, with everything that's come to light through the Auditor General's report, through the media, through the committee's hearings, with the benefit of hindsight, do you think you owe an apology to the people of Ontario?

Dr. Chris Mazza: Well, ma'am, I did the best that I could for the people of Ontario. I worked my absolute best. I poured my heart and soul into what I was doing. I did the best I could, and that was all I think anybody could ask.

Mrs. Liz Sandals: Thank you. We're done.

The Chair (Mr. Norm Miller): Thank you very much, and we're done this afternoon's proceedings. If the committee is interested in having you back at a future time, the clerk will contact you about that.

Mr. Roger Yachetti: Mr. Chairman, may I make a statement, please?

The Chair (Mr. Norm Miller): You may make a brief statement if you wish, yes.

Mr. Roger Yachetti: Much has been made of the Auditor General's report, and he's here with us. I don't mean to embarrass him, but I urge you to read the report of Alfred Apps in which he deals with the shoddiness, I'll call it—I don't know that he used that word—of the Auditor General's report. If the Auditor General's report is going to be used to somehow impugn Dr. Mazza, I ask that Mr. Apps's report be studied. It's 88 pages long—

Interjection.

The Chair (Mr. Norm Miller): Okay, that's fine. I'm not going to allow you to attack the Auditor General. Mr. Apps's report has been delivered to us and all committee members will have an opportunity to read Mr. Apps's report. I appreciate you making the comment.

Mr. Roger Yachetti: Just one other thing I want to say—

Mr. Frank Klees: We're talking about perjury first.

Mr. Roger Yachetti: There was a reference made by Mr. Klees to a note on page 10 of this document here, Investigations Concerning Air Ambulance and so on. It reads as follows: "Please note that Ornge's chief operating officer," not Dr. Mazza, "indicated that a 'method of counting patients was mandated by the CEO with the intention of demonstrating an increase in activity associated with the transition of air ambulance from the Ministry of Health to Ornge.' The result is that Ornge has transported an annual average of 8.9% fewer patients since 2006-07 than it previously reported." I won't read the rest of it, but somehow this was interpreted by Mr. Klees as a suggestion that Dr. Mazza asked someone to fudge the numbers.

Mr. Frank Klees: He did.

Mr. Roger Yachetti: There's no such thing in here, sir.

Mr. Frank Klees: There sure is. Read the rest of—

The Chair (Mr. Norm Miller): We're not going to go through the testimony place by—

Interjections.

Dr. Chris Mazza: May I just speak?

The Chair (Mr. Norm Miller): Yes. Go ahead, Dr. Mazza.

Dr. Chris Mazza: The data inherent in this industry is difficult and challenging and the points of capture are difficult and challenging. I never knowingly, wilfully or otherwise asked anyone to change data for some kind of benefit. I have spent a career trying to figure out what the correct data is and how to capture it.

The Chair (Mr. Norm Miller): Thank you. If the committee is interested in having you back, you will hear from the clerk. Thank you very much for coming before the committee. It was a long day.

The committee is adjourned.

The committee adjourned at 1601.

CONTENTS

Wednesday 18 July 2012

Special Report, Auditor General: Ornge Air Ambulance and Related Services	P-453
Dr. Chris Mazza	P-453

STANDING COMMITTEE ON PUBLIC ACCOUNTS

Chair / Président

Mr. Norm Miller (Parry Sound–Muskoka PC)

Vice-Chair / Vice-Président

Mr. Toby Barrett (Haldimand–Norfolk PC)

Mr. Toby Barrett (Haldimand–Norfolk PC)

M^{me} France Gélinas (Nickel Belt ND)

Mr. Phil McNeely (Ottawa–Orléans L)

Mr. Norm Miller (Parry Sound–Muskoka PC)

Mr. Reza Moridi (Richmond Hill L)

Mr. Jerry J. Ouellette (Oshawa PC)

Mrs. Liz Sandals (Guelph L)

Mr. Jagmeet Singh (Bramalea–Gore–Malton ND)

Mr. David Zimmer (Willowdale L)

Substitutions / Membres remplaçants

Mr. Frank Klees (Newmarket–Aurora PC)

Also taking part / Autres participants et participantes

Mr. Jim McCarter, Auditor General

Mr. Roger Yachetti

Clerk / Greffier

Mr. William Short

Staff / Personnel

Mr. Ray McLellan, research officer,
Legislative Research Service

21
- P72



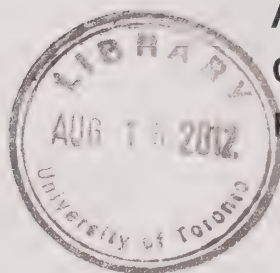
P-16

P-16

ISSN 1180-4327

Legislative Assembly of Ontario

First Session, 40th Parliament



Assemblée législative de l'Ontario

Première session, 40^e législature

Official Report of Debates (Hansard)

Tuesday 31 July 2012

Journal des débats (Hansard)

Mardi 31 juillet 2012

Standing Committee on Public Accounts

Special report, Auditor General:
Ornge Air Ambulance and
Related Services

Comité permanent des comptes publics

Rapport spécial, vérificateur
général : Services d'ambulance
aérienne et services connexes
d'Ornge

Chair: Norm Miller
Clerk: William Short

Président : Norm Miller
Greffier : William Short

Hansard on the Internet

Hansard and other documents of the Legislative Assembly can be on your personal computer within hours after each sitting. The address is:

<http://www.ontla.on.ca/>

Index inquiries

Reference to a cumulative index of previous issues may be obtained by calling the Hansard Reporting Service indexing staff at 416-325-7410 or 325-3708.

Le Journal des débats sur Internet

L'adresse pour faire paraître sur votre ordinateur personnel le Journal et d'autres documents de l'Assemblée législative en quelques heures seulement après la séance est :

Renseignements sur l'index

Adressez vos questions portant sur des numéros précédents du Journal des débats au personnel de l'index, qui vous fourniront des références aux pages dans l'index cumulatif, en composant le 416-325-7410 ou le 325-3708.

Hansard Reporting and Interpretation Services
Room 500, West Wing, Legislative Building
111 Wellesley Street West, Queen's Park
Toronto ON M7A 1A2
Telephone 416-325-7400; fax 416-325-7430
Published by the Legislative Assembly of Ontario



Service du Journal des débats et d'interprétation
Salle 500, aile ouest, Édifice du Parlement
111, rue Wellesley ouest, Queen's Park
Toronto ON M7A 1A2
Téléphone, 416-325-7400; télécopieur, 416-325-7430
Publié par l'Assemblée législative de l'Ontario

LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
PUBLIC ACCOUNTSCOMITÉ PERMANENT DES
COMPTES PUBLICS

Tuesday 31 July 2012

Mardi 31 juillet 2012

*The committee met at 0901 in room 151.*SPECIAL REPORT, AUDITOR GENERAL:
ORNGE AIR AMBULANCE
AND RELATED SERVICES

The Chair (Mr. Norm Miller): I'd like to call this committee to order and just point out, to begin with, that there is some information for the members in front of you. There is some research information from our research officer, Ray McLellan. Also—there's one for each caucus—there's the seventh volume of information requested from Fasken Martineau.

ORNGE

The Chair (Mr. Norm Miller): This morning, our first witness is Brandon Doneff, critical care flight paramedic. Brandon, if you could please come forward to confirm that you've received the information about a witness coming before the committee.

Mr. Brandon R. Doneff: That is correct.

The Chair (Mr. Norm Miller): Very well. I understand we have an affirmation for you, which our clerk will do.

The Clerk of the Committee (Mr. William Short): Mr. Doneff, do you solemnly affirm that the evidence you shall give to this committee touching the subject of the present inquiry shall be the truth, the whole truth and nothing but the truth?

Mr. Brandon R. Doneff: I do.

The Clerk of the Committee (Mr. William Short): Thank you.

The Chair (Mr. Norm Miller): I understand you have a brief opening statement you'd like to make. Grab a chair there and make yourself comfortable.

Mr. Brandon R. Doneff: Thank you.

Distinguished members of the committee on public accounts, my name is Brandon R. Doneff, and I am deeply honoured to have been invited to speak in front of you today. I greatly appreciate your time and consideration in the matters that have surfaced at Ornge. I am certain your task is not easy, nor is it one to be desired.

With the documents that I have provided you, you will notice that I have been training and working in the health care field since graduating high school. I can honestly say that there has never been a day that I awoke and

dreaded the thought of going to work on the helicopter. I truly believe that I have found my dream career.

Having said that, there has been the odd call or two when I wished I was at home in the pool or anywhere else, for that matter—like the time when a patient's colostomy bag exploded in the back of an enclosed helicopter. That was definitely one of those times. However, even after enduring all those sleepless nights, the missed dance recitals, hockey games, unruly patients, horrific scenes, freezing cold and blistering heat, I still am very happy and proud to be a critical care flight paramedic.

So, without further delay, please feel free to ask me any questions or any concerns that you deem necessary in order to find clarification into the matters surrounding my employer.

The Chair (Mr. Norm Miller): Thank you. We'll move to the official opposition first for their questioning. We'll have 20 minutes for each caucus, and then we'll see how much time is left over. Mr. Klees.

Mr. Frank Klees: Thank you for being here. You expressed your appreciation for being invited here today. Can you tell us who invited you to attend here?

Mr. Brandon R. Doneff: Mr. William Short.

Mr. Frank Klees: Do you know where that nomination came from?

Mr. Brandon R. Doneff: I do not. I actually asked my managers and such, and they had no idea where it came from. Nonetheless, it's an invitation and I took it.

Mr. Frank Klees: We appreciate you being here.

We've heard a great deal over the last number of months about the challenges that front-line paramedics and pilots are having in terms of carrying out their awesome responsibility, and to this point, what we have heard is that, whether it's a paramedic or whether it's pilots, they have been extremely frustrating experiences for them. There's a litany of records that have been presented to us of a basis that "We're not able to respond to calls because of understaffing, because either there were not enough paramedics available or there were not pilots available." I'd like to just hear from you—you have been employed with Ornge now since when?

Mr. Brandon R. Doneff: Since day one.

Mr. Frank Klees: Since day one.

Mr. Brandon R. Doneff: I worked for Canadian Helicopters—if you refer to the resumé—who was the initial employer, and even prior to that, National Helicopters,

which is a private agency that also flew out of London, Ontario.

Mr. Frank Klees: Have you ever been on call when a circumstance arose that you were not able to respond because of a downstaffing, because you didn't have another paramedic with you to fulfill the full complement required? Or were you ever at any base at any time when perhaps the paramedics were ready to go but the pilots weren't available? Can you tell us something about that experience, please?

Mr. Brandon R. Doneff: Of course I can. On my professional experiences, I have never been unable to respond to a call. We do have occurrences where there has been a single medic. We always have to have two pilots in order to fly the machine. I have never been on the job where there has only been one pilot. In the past, if we were short one pilot, the managers would do their best job in order to attain another pilot, and that might be flying them in from Ottawa or even from the north. That's out of my jurisdiction; I have no understanding of how that goes down.

As a paramedic, I have been on calls as a single paramedic due to short-term sick leave, where a medic has actually booked off sick during a call or the night before. Sometimes, you are correct in saying that there's no one else to work, either be their time off—and it is their time off. We are not forced to work extra and above duty hours. If we do, we are paid appropriately. But to my best knowledge, they have always done the best of their job to accommodate that.

Mr. Frank Klees: You are very familiar with the Ambulance Act and the regulations that set out the standards for staffing?

Mr. Brandon R. Doneff: Correct.

Mr. Frank Klees: Can you tell us what the regulations or legislation say about the number of paramedics that must be staffing a particular ambulance, be that ground or be that air ambulance?

Mr. Brandon R. Doneff: Without verbatim, it is two.

Mr. Frank Klees: It is two.

Mr. Brandon R. Doneff: I believe so, yes.

Mr. Frank Klees: So you've found yourself in circumstances where you knew that, essentially, you were breaking the law by attending as a single paramedic. Is that correct?

Mr. Brandon R. Doneff: That is correct.

Mr. Frank Klees: Why would you place yourself into that circumstance?

Mr. Brandon R. Doneff: Because both professionally and personally, I believe that with my amount of training, when with doctor's orders, that I can work up to—I've been told this—a primary care level. Even though I am a certified critical care flight paramedic, if I am single-staffed, I work up to a primary care paramedic.

Mr. Frank Klees: But you know that the legislation requires two paramedics to be on that call, and you have attended as a single paramedic, notwithstanding what the legislation states.

Mr. Brandon R. Doneff: I have never been the type of person to come out and say I am unwilling to help another person because it is, for lack of better words, against the law. If I can help, I will help. I have never been told by my managers not to go on the call. They have never come out and said, "You are a single medic today. You will not be allowed on that helicopter until a second medic is there with you." It's within my personality to do the best that I can with the tools that I have.

0910

Mr. Frank Klees: So your managers knew that they were asking you, or allowing you, to do something that was clearly against the legislation, very clearly proscribed.

Mr. Brandon R. Doneff: That is correct.

Mr. Frank Klees: How did you feel about that?

Mr. Brandon R. Doneff: Well, as I stated earlier, there has never been a time that I dreaded going in to work. If I am single-staffed, that has nothing to do with my doing. That is above my pay scale, and I really can't do much about that. I show up for work, for my 12-hour shift, and if it goes on beyond 12 hours, I do my job.

Mr. Frank Klees: You've heard your colleagues come forward, fellow paramedics who expressed serious concern about the environment within which they were being asked to conduct their professional service, to the point where we have incident reports, that you're obviously aware of as well, where on numerous occasions a call was not able to be completed because of that issue, because of a single paramedic, or because of the medical interior of the helicopter—and we'll deal with that in a separate line of questioning.

I understand your commitment to wanting to do the right thing and, obviously, save lives. That's why you're doing what you're doing.

I'd like your opinion in terms of the liability that the management at Ornge placed you and your fellow paramedics into by allowing or encouraging paramedics to go on a single-paramedic call.

Mr. Brandon R. Doneff: Unfortunately, the onus does come down to a paramedic. As you're well aware, there are letters that have been brought forth to management—and when we do not get the appropriate response, we've gone up; when we do not receive the appropriate response, we've gone out. Hence we're here, and hence your questioning.

At the London base, we have had, I believe, over nine or 10 managers for paramedics. The unfortunate part with that is, as you're well aware, it's very difficult to understand the roles and responsibility of a manager if you've only before there for a month and then you have to learn from the beginning, again and again and again. Sometimes, I truly don't believe that they understand what is going on at the real core.

With regard to the onus being on the paramedic and the roles and responsibility as a paramedic, they were well aware, I believe—

Mr. Frank Klees: You made an interesting comment about the management and the constant turnover of

management. An organization that's entrusted with delivering an essential emergency service—one would think that foremost would be a focus on ensuring that the people who are managers are well qualified for that job. You've just told us that that was not the case.

Mr. Brandon R. Doneff: I did not say they were not qualified. I wasn't on the HR committee, in the hiring. However, I believe it takes a certain amount of time for them to understand the true essence behind what our actual duties are, and with that, you're very well aware of some of the frustrations from the front-line staff.

Mr. Frank Klees: On August 18 of last year, you were part of a meeting that took place that was headed by Tom Lepine, Rhoda Beecher and Hallie McClelland. Do you recall that meeting?

Mr. Brandon R. Doneff: In London?

Mr. Frank Klees: In London.

Mr. Brandon R. Doneff: I do.

Mr. Frank Klees: What was the nature of that meeting? What was the agenda at that meeting?

Mr. Brandon R. Doneff: Basically, some of the agendas were with regard to money at Ornge, with regard to staffing at Ornge. Actually, there was even a comment made because of the lack of money at Ornge and that there was a possibility—that if the paramedics continued to utilize their sick time and utilize their vacation time, there may be the possibility of a base closing. I remember quite clearly the individual stating, "Which base shall we close first? I don't want to close bases, but which one shall I close first?"

Mr. Frank Klees: This was in August of last year.

Mr. Brandon R. Doneff: That is correct.

Mr. Frank Klees: And you, as staff, were being told that Ornge was actually contemplating closing bases.

Mr. Brandon R. Doneff: Correct.

Mr. Frank Klees: And they said, specifically, the reason for that was that the Ministry of Health had advised them that there would be no more money for them. Is that correct?

Mr. Brandon R. Doneff: I don't remember them stating "Ministry of Health," but I do remember them stating that there was no more money.

Mr. Frank Klees: At that meeting, do you recall any discussions about the for-profit activities that Ornge was engaging in, in terms of generating additional private funds?

Mr. Brandon R. Doneff: There was a lot of talk about going outside of Ontario. That's what got a lot of us front-line staff very nervous and also, on the flip side, from my personal and professional opinion, very excited, because that meant more staff, that meant a broader range of our care, that we could go outside of Ontario and do more things with our job and career.

Having said that, if I was told that Ontario is giving money to keep in Ontario, and yet Ornge is going outside of Ontario to get money—we all raised an eyebrow with that. When we questioned that, they basically said that what they were trying to do was create a business, Ornge in a box. When we spoke about that, we asked, "What

does that mean?" They said they wanted Ornge to become a household name—like Tide, like Nike, whatever—around the world. So the intent was good. We had no idea where the money was going or where it was coming from. There was a foundation that you are all well aware of. I know they were going out on their own accord and attempting to get money from persons, but we weren't privy to all that information.

Mr. Frank Klees: So on the one hand you were being told—these are front-line paramedics—"Look, we don't have any more money. The ministry has told us there is no more money. We may have to close some bases; it's just a matter of determining which one." Yet, at the same meeting, they're telling you that they've got this elaborate plan to go outside of Ontario when they can't even look after the core business of ensuring that paramedics and pilots and the resources within Ontario are in place to do the job that you're mandated to do. Is that right?

Mr. Brandon R. Doneff: That is correct.

Mr. Frank Klees: Consternation?

Mr. Brandon R. Doneff: I believe I stated that the foundation seems to be cracked.

Mr. Frank Klees: I have copies of the minutes of that meeting in front of me here. Mr. Chair, I have copies for members of the committee as well, if we could have that distributed. And sir, we'll give you a copy so that you can refer to it.

On page 8 of 9 of these minutes, there's a very interesting reference here. This is coming from Mr. Lepine, who I understand was leading the discussion:

"I, along with the chairman of the board, provided details of Ornge Global to the deputy ministers of finance, health, and infrastructure, all of whom supported the initiatives.

"Performance agreement negotiations included revenue generation outside of Ontario for benefit of Ontarians."

So we have Mr. Lepine reassuring front-line staff of Ornge that while they may be closing a base or two here in Ontario, they fully briefed the Ministry of Health—and finance, and infrastructure—of their plans to expand beyond Ontario, and they're fully supportive. Do you recall that discussion?

Mr. Brandon R. Doneff: I do recall that. As front-line staff, we didn't know how to respond to that.

0920

Mr. Frank Klees: Did you feel betrayed?

Mr. Brandon R. Doneff: We felt something was afoot, and, yes, most definitely betrayed.

Mr. Frank Klees: And yet, during the same time, you must have been aware, because you're perceived as a leader—you have, I think, some of the longest-term experience of any of the paramedics on the front lines. Am I correct in that?

Mr. Brandon R. Doneff: Yes.

Mr. Frank Klees: So you would have been fully aware of all of these incident reports that we, now, are privy to because of a confidential document; that is, a briefing to the Minister of Health on a regular basis where patients died; and patients died, perhaps not

directly because of a paramedic not being able to take them into a helicopter, but what we don't know is, if, in fact, that patient could have been taken to the hospital by air and had treatment sooner, whether that patient may well have lived. Isn't that correct?

Mr. Brandon R. Doneff: That is correct.

The Chair (Mr. Norm Miller): You have three minutes left.

Mr. Frank Klees: I want to thank you for helping us with this because at the end of the day our objective, I think, is very similar to yours: We want to ensure that our air ambulance service is competent, is properly resourced, and that every dollar of tax-funded health care dollars goes to the front line so that you can do your job.

Here we had an organization that was essentially saying, "We're actually willing to cut back on the service that we're providing here because we have this vision of going internationally with our little 'Ornge in a box'"—as you put it—"and we're willing to compromise patient care in Ontario." We want to get beyond that, and we want to restore and ensure that we do it the right way. We want to ensure that we can restore confidence in our air ambulance service, and we're going to do it through people like yourself who are dedicated to the front line. But we need straightforward, honest answers from you so that we can go about making the recommendations that need to be made to get it right. Thank you.

Mr. Brandon R. Doneff: Thank you.

Mr. David Zimmer: Chair, through you to Mr. Klees: I got the minutes. Thank you very much. They start at page—well; there's an introductory page, and then it starts on page 3 of 9. Do we have the other two pages, just to make it complete?

The Chair (Mr. Norm Miller): If Mr. Klees has it, you should have it; otherwise, we'll move on to the NDP for their questioning.

Ms. Gélinas.

M^{me} France Gélinas: I'd like to thank you for coming to Queen's Park. It can be a little bit intimidating at first, but you're doing very well this morning.

Mr. Brandon R. Doneff: Thank you.

M^{me} France Gélinas: You have talked about some of the problems that you have shared with Mr. Klees about your work. You want to do good for people, and when it is within your purview to make decisions, you make the right decisions: to go and help people in need, which is the career that you choose to do, and you seem quite happy with it.

During the time when you did have to make decisions that went against the law, did you ever try to tell someone that, "Hey, guys. I'm alone here. There needs to be two of us"? And who did you have those conversations with?

Mr. Brandon R. Doneff: So, yes, on multiple occasions, myself personally and other front-line staff did voice their concerns—and once again, first and foremost, we have to speak to our managers. Some of the responses from our management were, "There just are no staff." Once again, with regard to last year in August with these

meetings, they were basically saying, "We have no more money to fill the seat with other paramedics." We found that extremely disappointing, and we found that it was a sacrifice for our patients and for ourselves, because you cannot lift a patient—I mean, I'm a healthy guy; I could probably lift all of you, but, by myself, it's very dangerous at times, and we get into some very unorthodox situations.

When we found out what management was saying to us, and even with Mr. Tom Lepine, when they spoke—as you're well aware, we have a union. It was brought forth to them as well and we said, "There are some times when it is unsafe for us to practice like that." There have been times when we spoke to the physicians, and the physicians did what they could as well. It felt like you were just meeting a brick wall at times. Basically, the response was, "There was no more money; we cannot fill that seat."

Now, I found it very unusual and very unorthodox, once our CEO was removed, that things changed—they changed dramatically. All of a sudden, we had another paramedic in that seat. All of a sudden, there was up-staffing with regard to vacation time and sick time and such. Some of the troubles just seemed to disappear.

There were some rules and regulations that were brought down, and I know that this was—we were told—to save money with delaying launch times. From day one, even from my college days, we were told, "You have X amount of time to get out of your seat, stop whatever you're doing, get out that door, get in the ambulance." It doesn't matter if it's a fixed-wing, a helicopter, a land ambulance, you have eight to 10 minutes. Now, in a helicopter, that's pretty quick. The pilots and the paramedics and the engineers worked in unison to do that. We were extremely frustrated and very disappointed once we found out that we were being told, "No, now what you're going to be doing is you're going to have a pre-alert, and once there is a primary care or advanced care, it doesn't matter who is on-scene"—these are only for on-scenes, mind you, and that means that it's an accident—"you will wait to hear if you are required."

Mr. Klees, you spoke about patients dying. We wrote care reports about some very, very key components with regard to that, and it was months and months and months before we heard anything back.

We're very connected on land and in the air. We have friends who work in the industry, and they came back and told us, "Unfortunately that individual died. They didn't make it to the hospital. We could have really used you. What happened?" That was very disappointing—very disappointing—to hear that stuff.

M^{me} France Gélinas: You referred back to the meeting that you had in August. How long before this did it start? How long before this did you see that providing top-quality care was not the top mandate anymore?

Mr. Brandon R. Doneff: I do believe it was the beginning of that summer, because that's essentially when a lot of the trauma calls start to come in. People are a lot more busy in the summer and such. Forgive me for

saying, but I'm guessing it was May, June. There was a policy that was brought out, and it was a very confusing policy because it was never explained to us 100%, it was just sort of brought out. I do not have that policy in front of me. I'm almost certain you can talk to a manager somewhere and they'll be able to reproduce it.

M^{me} France Gélinas: So we're talking May, June 2010?

Mr. Brandon R. Doneff: Before that meeting, correct.

M^{me} France Gélinas: So from May, June 2010, you can see that decisions are being made, a policy has been put in place that does not lead to top-quality care.

Mr. Brandon R. Doneff: Correct.

M^{me} France Gélinas: Quite the opposite.

Mr. Brandon R. Doneff: Top-quality care—you still had the paramedics and pilots; however, we were not allowed to do our job, in my opinion, like we were doing it prior to that. So you still had the same care, unfortunately—

M^{me} France Gélinas: Once you got there.

Mr. Brandon R. Doneff: That's correct.

M^{me} France Gélinas: All right, and if there were two of you to do what you needed to do—

Mr. Brandon R. Doneff: That is correct.

M^{me} France Gélinas: So that's May 2010. We fast-forward to January 2012. The resources did not change but all of a sudden there are enough resources to do a good job. Is it a big stretch to think that if the ministry had acted in August 2010 things could have gotten better a whole lot sooner?

Mr. Brandon R. Doneff: Yes. We actually had a very nice visit with Deb Matthews and one of the questions was, "What took so long? How come things take so long?" I have no idea what goes on in these closed-door meetings and such. Once again, I have no desire to sit here, but that's exactly what we asked.

0930

Time and time again, there were questions and eyebrows being raised with regard to all of these matters. We just came right out and said, "We, as front-line staff, have noticed a significant change, and we fear for our patients in Ontario because of these changes." We were furious. We were very disappointed. We felt betrayed.

M^{me} France Gélinas: And you said that you raised this with your union, you raised it with some of the physicians who work with you, you raised it with management. Is there any evidence that all of this was hidden away from the ministry?

Mr. Brandon R. Doneff: That's an excellent question. I was never invited to a meeting where it was going to be presented to the minister or anyone with that significant importance with regard to those matters, so I can't honestly say yes, it was hidden, or no, it was not. We did feel as though our voice was not being heard by the proper persons.

M^{me} France Gélinas: So the voice coming from the ministry was a voice of, "This is the money you have. You have to make do," but you didn't feel that there was

ever a voice back to the ministry saying, "Listen, things are not good here." The only part you heard was the part telling you, "There's no more money."

Mr. Brandon R. Doneff: Correct. Perhaps they left a voice mail, I don't know; I just didn't get the message, unfortunately.

M^{me} France Gélinas: All right. Could you name some of the managers with whom you raised those issues?

Mr. Brandon R. Doneff: Okay. There was Hallie McClelland. Prior to her, we didn't have a manager for a year at the London base. What we had were our sister bases, for lack of a better term, such as Ottawa and Toronto, managing their base as well as our base. We did have a lot of issues.

Now, we're all grown adults and medical professionals, so we pretty much ran the base on our own—other than being paid, or else we'd all be rich by now, but it's not going to happen. But we had many issues with regard to stocking of medical supplies and just simple things that make your job easier. We were without a manager for a year. There was a Mr. Jeff Carss as well, who was the Ottawa manager who assisted us. A lot of these issues were raised to them personally. Hallie McClelland was post that one year; she was hired post the one year.

M^{me} France Gélinas: From May 2010, who was your manager at the time?

Mr. Brandon R. Doneff: That was Hallie McClelland, I believe.

M^{me} France Gélinas: It would have been.

Mr. Brandon R. Doneff: Yes. You'll have to forgive me; we've had a couple.

M^{me} France Gélinas: No, that's okay. We're all the same. Some things you remember very well, others not so good. Garbage on Tuesday morning is very important in my family.

Mr. Brandon R. Doneff: My brain is only so big, so I have to keep the important stuff in.

M^{me} France Gélinas: All right. The changes that you saw—once there was a change of CEO, a change of board—were they drastic? Were they more like going back to what you had before?

Mr. Brandon R. Doneff: Correct. They were not drastic; they were going back to the way we were being run prior to Ornge taking over, so to speak, when we were run by Canadian Helicopters. Now, don't get me wrong, both companies are doing a fantastic job in various departments. However, I believe that when we were being run by Canadian Helicopters, it was more medical and in Ontario—100% Ontario. We had our key components—and Dr. Mazza himself, I honestly believe that if it were not for his passion to get me to become a critical care flight paramedic, I don't think I would be the same medic I am today. So for that, I thank him and his organization.

However, we noticed a shift, as Mr. Klees stated, that right here, they decided to go out of Ontario. That's when we really noticed a huge shift. There were talks of having planes in Florida. There were talks of having planes in other various locations and stuff. I believe that their plan

was good, but where the money was coming from, none of us really had any idea—and we didn't really want to know, honestly. We just knew things were not good on the front line and, as stated before, the foundation was cracking.

M^{me} France Gélinas: So, here we have not a change in the budget, and the only change that happened were the people at the top and the focus being brought back to Ontario. Would you say that things are good again?

Mr. Brandon R. Doneff: Yes, they're better, most definitely better. It's more of a rare occasion that we have a single medic. Now, granted, I see some empty seats here. It's not any different than mine. So if there's only two of us, and you're not scheduled, I'm not going to have my laptop or my cellphone—I'm not going to have it on my hip, because, let's face it, I have a life outside of my job. Some people don't want to take the extra shifts.

If someone books off sick, say, at 0100 in the morning for an 0700 shift, maybe there is nobody, but now things have changed where they'll be calling in Toronto and they'll be driving a medic from Toronto to come down, as opposed to just going in to London.

Also, with regard to staffing issues, there have been a couple more paramedics being hired at the London base as well, which we have asked for on multiple occasions. Once again, it's easy for us to beg and plead for something, but we really have no idea, because I'm not the one writing the cheque and doing everything else.

M^{me} France Gélinas: Would you say that the way things are now, they're as good as they were before they started to go bad?

Mr. Brandon R. Doneff: They're getting better. There was a mention of medical interior. They are getting better.

M^{me} France Gélinas: As in, they work or they don't work?

Mr. Brandon R. Doneff: The medical interior is new, and as with anything that is new, there are hiccups. I was not on that part of that committee—I don't know if I really wished I was on that part of the committee. Having worked in multiple configurations of helicopters since 1996-97, I believe, this one is almost like an ICU room for us to load patients into in a hurry, and it's taking us longer to do our job in the back because of the electronics involved.

It's different. Is it safer? I would say, once everything is strapped down and secured, it's more safe, because of the testing that the equipment had to go through. I don't like saying this, but in the event of a hard landing or a crash, they state that things will stay placed, without becoming projectiles and causing undue damage to us and the patient. They will stay in place, whereas in the old helicopter, I don't believe that there was ever the same testing. It was never brought to us that way. They were really, really pushing this as safer. They were stating that in the event of a hard landing, it can withstand, I think, a 12g or 15g landing. I don't think I can withstand a 12g or 15g landing—

M^{me} France Gélinas: I wouldn't want to try it, anyway.

Mr. Brandon R. Doneff: No, no, most definitely not. I mean, in that essence, yes, it is better. But there are still some hiccups we're working with, with regard to the medical interior.

M^{me} France Gélinas: Would you know if every time you go, you have to log your flight?

Mr. Brandon R. Doneff: Yes.

M^{me} France Gélinas: Does Ornge keep an independent log, or is it only the log that they give to Nav Canada?

Mr. Brandon R. Doneff: In a nutshell, as a paramedic, if I transport a patient, I have to fill out an air ambulance call report. That computer—the information from that goes to a server, I believe, to Ornge, because we have our own IT department. As well, our pilots also have to log numbers and flight times and such. I even believe now, with the new helicopters, that they have to download data via some server, and it takes about half an hour or such, and I think that's what they're doing, as engineers. I don't know if Ornge keeps its separate log. That's above my pay scale, unfortunately. But I do know that we are triplicating almost every call.

The Chair (Mr. Norm Miller): You have three minutes.

0940

M^{me} France Gélinas: Just quickly, then: Have you ever seen any oversight from the government, as in a government person coming over to see how you're doing?

Mr. Brandon R. Doneff: Yes.

M^{me} France Gélinas: They were from EMS, or—

Mr. Brandon R. Doneff: No, it was Deb Matthews, who came—when was that?—June or July. She popped in to say hello. I was very impressed. I was very, very honoured and humbled to have an MPP come into my work. I was happy. I was very, very happy to see someone come in there and say, "How are you, guys? I understand you guys are getting a lot of mud thrown at you. Are you okay?" We were—

M^{me} France Gélinas: That was this year?

Mr. Brandon R. Doneff: Yes, it was.

M^{me} France Gélinas: I meant on an ongoing basis, except for—I'm happy Minister Matthews came and saw you, but before this, have you ever had any type of oversight coming from the government?

Mr. Brandon R. Doneff: Other than base audits and such, no, but base audits are a norm for us; they should be coming. Other than a quick pop-in, no, but I mean, we're just one base. There are so many ambulance bases. If all of a sudden you were to hire me and say, "That's your job"—oh, boy, there are only so many days in a year, correct?

M^{me} France Gélinas: Okay, thank you.

Mr. Brandon R. Doneff: Thank you.

The Chair (Mr. Norm Miller): Okay, thank you. We'll move on to the government. Ms. Sandals?

Mrs. Liz Sandals: Yes, thank you very much. Before I move on, there are just a couple of clarifications I

wanted to make. The meeting that we've got the notes for, that Mr. Klees handed out, refers to "18 August 2011." You talked about things sort of going negative a few months before that, so that would have been May or June 2011. Is that correct?

Mr. Brandon R. Doneff: I believe so, yes.

Mrs. Liz Sandals: Not 2010.

Mr. Brandon R. Doneff: Yes.

Mrs. Liz Sandals: It would have been spring 2011.

Mr. Brandon R. Doneff: Yes. Thank you for that clarification. It is a little bit of a blur. I must admit, when things became a little bit negative, if you go into work with that negativity, we all know what happens. Most of us did our best to steer clear of that stuff—

Mrs. Liz Sandals: No, I was just trying to sort it out in my own mind, because I was getting this date disconnected.

I don't know who took these notes, but on page 8, when whoever it is is taking notes about Ornge Global and moving out of Ontario, it talks about "Funds can only flow into Ontario—cannot flow out. No public funds are being used on Global." This was the message that you received. You might have been skeptical, but it was what you were told by management. Is that correct?

Mr. Brandon R. Doneff: On multiple occasions we were told that.

Mrs. Liz Sandals: I just wanted to get that bit of clarification and to say thank you so much, because it's wonderful to see somebody who's on the front lines here. We've had so many witnesses and so many hours of testimony. We've been grilling politicians, chairs, CEOs, executives, lobbyists and lawyers, and it's really nice that we actually have somebody who's doing the front-line work. Maybe that's where we should actually have started and found out what it was like for you on the front lines. It's great to see you here. Thank you so much for coming this morning—

Mr. Brandon R. Doneff: You're very welcome.

Mrs. Liz Sandals: —because we really do appreciate somebody with your experience. Just reading your CV, it's very impressive. Somewhere in your spare time you've actually written a handbook for other paramedics.

Mr. Brandon R. Doneff: I have, yes. As I was explaining to Mr. Klees earlier—he said the same thing—and I said, "Basically, in a nutshell, what it was is a compilation of all my notes"—because every year we have to recertify with our doctors, and it's basically their licence. If we don't meet their standards, we do not work at that level, so these were study notes, sort of like cheat notes, so to speak.

Mrs. Liz Sandals: Great, great. I wonder if you could talk a little bit about what an average shift is like. When you come in and you're doing a 12-hour shift, what's a typical 12-hour shift like for you? Can you take us through the day, or the night, as the case may be?

Mr. Brandon R. Doneff: Certainly, yes. So we work in London 0700 to 1900, or vice versa, 1900 to 0700. At the beginning of the shift, we will go out and check our machine. We'll get a briefing from the crew prior to and

state, "How is the back of the helicopter? What sort of medical equipment did you use, not use? Are there any problems?" We also have a journey log, so to speak. If there was difficulty with any equipment, we can pass that on to the—

Mrs. Liz Sandals: So this is the hand-off from shift to shift?

Mr. Brandon R. Doneff: Correct; yes. We also have to count narcotics, because we have those in triple-lock boxes and such. And then, once that is completed, we basically wait for a phone call, which can be anything and everything. For example, it takes us about 40 minutes to get to Owen Sound, 45 minutes to Windsor, Pelee Island 50 minutes, give or take. Another base is Toronto, and as you're well aware, they have two helicopters. So we'll sort of criss-cross.

With regard to patient care, there are essentially three types of calls that we do. There's the trauma on-scene, where we'll land on—where you see us on Citytv and such. Then also, the modified on-scene, where if we were called to an on-scene by land ambulance or the OPP or even a fire department—we never say, "Stay there and wait for us." We always say, "Get them to a doctor." The closest hospital is what's best for the patient.

Then, if they still require us, we'll land at a helipad or an airport, get a land ambulance in. We'll go in and we'll work in conjunction with the paramedics or the medical physician that is there. What we'll do is, in a timely manner, get out of there and get them to a level 1 trauma centre, if need be.

Last but not least is the ICU/CCU transport, where a person has had a recent stroke or cardiac event or post surgery and they need to go to a higher, tertiary level of care.

Mrs. Liz Sandals: Could you sort of walk us through what happens on a trauma on-scene call, how the details of that work from the time you get to the call till you hopefully get the patient to hospital?

Mr. Brandon R. Doneff: Certainly. It's my understanding that virtually anyone can call 911 and request a helicopter. Usually what happens is a call will come in to 911 for a local—let's say it's Kitchener. It's about 15, 20 minutes for us to fly there. Once they deem it necessary for us—there are a bunch of trauma triage codes: If the patient's life is in peril, then, of course, call the helicopter because of level of care and also distance. We can get there much faster.

In that event, once we receive a call via our dispatch—so it goes from the paramedics on-scene, for example, to their dispatch. Their dispatch would phone our dispatch. The appropriate measures are done and then they would phone the appropriate base.

Due to weather and other jurisdictions that are out of my scope, pilots would then have to accept the call, and then, upon accepting the call, we have eight to 10 minutes for wheels up. That's all documented.

When we get the call details, in flight, then we land at the scene, and that might be on a highway or a farm, wherever. As soon as the area is safe and secured that is

deemed by our captain, we land. Most of the time we'll keep the helicopter rotors going, and we'll go out and, as a team, work with the paramedics, police, fire, and bring the patient back to the hospital—to appropriate hospitals.

Mrs. Liz Sandals: And at what point during this would you be in contact with a doctor? You mentioned earlier being in contact with the base doctor.

Mr. Brandon R. Doneff: Yes. If we knew that the patient was trapped for X amount of minutes or such and their vital signs were in dire need of, say, fluids or intravenous or blood products, we could patch ahead and say, "Hello, Doctor," our BHP, "could you please get the OPP to bring out some blood products, because we have a lengthy extrication?"

We also have a standing order/medical directives book, which I have with me, and it's about that thick. It's a little bit heavy, but nonetheless, we have to know that. That is our job to know that. Once we get on-scene, we do our job. We do the initial physical assessment and we can utilize standing orders and medical directives that are taught to us by the physicians, apply the appropriate care for life-saving measures, and then en route or while on-scene, if we deem that we need more orders that are outside of that scope, then we will patch in to the physician.

Now, all this takes time, so, as a critical care flight medic, we have to weigh the good with the bad with that. Most of the time, when we're working, we can have the land crew stabilize the patient by doing something that we request that's within their scope of practice, and while we're walking to the helicopter, we can be on the satellite phone or the cellphone.

0950

Mrs. Liz Sandals: And because you are a critical care paramedic, your scope of practice is much broader, and there's a whole range of things that you can do that a primary care paramedic wouldn't be able to do independently?

Mr. Brandon R. Doneff: Yes, it is much broader.

Mrs. Liz Sandals: Thank you. I'm going to turn it over to my colleague.

Mr. Reza Moridi: Thank you very much, Mr. Doneff, for appearing before this committee. I have no doubt that you have experienced some extremely gratifying moments and some, of course, genuine tragedies in your time at Ornge. Perhaps you can start with a happy story. What has been your most gratifying moment as a critical care flight paramedic at Ornge?

Mr. Brandon R. Doneff: Assisted delivery. Actually, my partner at the time, Matthew, and myself, had a young baby take our names. The mother sent us a very, very nice thank-you letter and said, "I'd like you to meet Brandon Matthew"—I cannot recall the last name. But we had our names taken for their baby, which was very, very humbling.

There have been many, many good times, many excellent times, where we've been very gratified and proud to do the job that we do.

As stated earlier, unfortunately there have been times when people just don't make it, no matter what we do. Just recently, within the last two weeks, I believe—I don't know if you heard about some of the drownings around here—Port Burwell. We flew in there, and there was an eight-year-old and a 10-year-old brother and sister who had drowned. Unfortunately, there wasn't anything we could do medically to bring their lives back.

Mr. Reza Moridi: Would you consider that as the most tragic experience you ever had at Ornge, or are there others? You can tell us at least one of the most tragic ones.

Mr. Brandon R. Doneff: There are multiple occasions. I don't want to say it, but, as an adult, if you're injured, usually it's because of your own demise, to a certain extent. But it's with the children that it really tears at you. We've had burn patients, where the child somehow got a hold of flammable fluids; firearms. We've had multiple occurrences where there are just very, very unusual, unorthodox and untimely deaths.

Mr. Reza Moridi: There was a recent article about you in the London Free Press. I'm sure you have seen that article. The article refers to you as "elite in the world of emergency responders." It goes on to say that there are less than 100 paramedics in Canada with your level of experience and qualifications. Something which really struck me in that article was a quote from you where you said, "It's all about speed for us...." Can you elaborate on what you mean by "speed" as a key factor in your line of work?

Mr. Brandon R. Doneff: Yes. By speed, I also mean efficiency with regard to that. I don't know if I actually spoke of that in there. Efficiency: That means having the best and most efficient training, and being able to apply that any time and anywhere. That also means, with speed, with regard to utilizing the helicopter. So from that first 911 call, be it whoever calls the dispatch, it has to be speed because it's the time—that is the true essence that will save a life. Sometimes we've gone on to on-scenes, and they are literally getting pulled out of the wreckage. We don't waste time sitting there looking for cameras and trying to get into movies and such. We're gone within minutes. If they're ready to go, we stabilize, do the best of our capability at that time and we go, because we're not surgeons. We're not the doctors who can open them up and clamp that artery. We don't do that. We do what we do within our scope of practice. That's what I mean by the speed.

Mr. Reza Moridi: The article also makes reference to the fact that you often have to land in terrible terrain and also terrible weather. It mentions that one time you had to rappel down a ravine. Can you tell us about that experience?

Mr. Brandon R. Doneff: Sure. Well, there was one time when we landed in a cattle field and I got my boots quite dirty; that was terrible. But there have been times, because people—not so much around here. I mean, we could land virtually anywhere. Within five minutes, we can get a pizza and a Tim Hortons, correct? But up north,

people hike, people bike, and they get into MVCs and such.

Sometimes you can't get there by land ambulance or such. We've been put into the back of a truck and we get there with our backpacks. I've hiked in to a logging community—and this could be in the middle of the night. We could land in an airport and then be taken to a remote area. I've even known that some of my colleagues up north, because of weather—the helicopter was able to land, but the distance to get the patient back to the helicopter was too great, so they had to leave because of thunderstorms and such, or freezing rain. Sometimes it's just unsafe for the helicopter to fly. They had to spend the night with the patient in the bush.

We do training. We do underwater survival training, which we simulate in a pool. We're basically in chairs like this, buckled in, and they flip us upside down in the pool. We're trained in how to get out of that safely, by undoing our seat belt and such. We're also trained in how to survive in the wilderness. For the greater part—like I said earlier—with a phone call, you can get a Timmy's, right? But we have that training as well.

Mr. Reza Moridi: I also took note of the fact that you were involved in the airlifting of patients during the Walkerton water tragedy. Perhaps you can explain that experience to the committee as well.

Mr. Brandon R. Doneff: Yes. I think that was a pivotal point for us, because initially, our base was 12-hour day shifts and then 12-hour on-call night shifts. Then they deemed it necessary for us to go 24 hours, seven days a week, all year long.

With regard to that, I remember being stationed up there and waiting for patients, because there was basically a lineup. "Which one do you want to take first?" We had to triage with the doctors and such. A lot of them were in full-on renal failure. I know that a lot of them didn't make it, because of that tragedy.

Mr. Reza Moridi: I have to tell you, Mr. Doneff, that over the past number of months, we have heard some troubling stories in this committee about Ornge, in particular with respect to some of the things that were going on at the upper level of the organization, as you know. I assume you have followed the stories in the media and at the Legislature, presumably closely. As a critical care flight paramedic who was clearly dedicated to his work before this all happened, and clearly continues to be dedicated to this mission of helping critically injured people in Ontario, what are your thoughts on what has transpired at Ornge over the past number of months?

Mr. Brandon R. Doneff: I think it's even before the past number of months. I think this was something—it was a brainchild. It was a deep-rooted desire to move above and beyond, outside of Ontario. I remember quite clearly our upper management stating, "There is no money in Ontario." Now, I found that very troubling, when you're front-line staff and it's like, "Well, why do we need more money? We're being funded." Our previous employer, actually, I think did quite all right. I don't know what's really changed.

But I do know that all of a sudden, we had a couple of land ambulances show up. I understand that because of change in money and government and such, and with the interest rates and so forth, things changed, so I believe that stopped, yet they were still in service—so that started to bleed off.

Then all of a sudden, we notice that there is a great deal of hiring going on for persons who weren't doing the same work or aiding and guiding us as front-line staff. When we were introduced to them, we were like, "Hello. How are you? Who are you? How do you help us help the community?" And they were like, "Oh. Well, I'm so-and-so, and we don't really do that. I'm with this." And we're like, "Okay."

And then, as stated earlier with regard to this and the closing of bases, I'm like—I'm pretty certain, if we decided to get rid of our sort of upside-down pyramid, with all the management up top and stuff, that we'd probably be doing much better than we were at that time. I believe that the monies were allocated to different agencies, perhaps, for lack of better words—

1000

The Chair (Mr. Norm Miller): Thank you. If you're finished the question, we're done with this round of questioning. We'll move on. We have 10 minutes for each party in the third round. Mr. Klees.

Mr. Frank Klees: Thank you. Mr. Doneff, you referred to scope of practice.

Mr. Brandon R. Doneff: Yes, sir.

Mr. Frank Klees: I want to just get back to my questioning of you earlier about the single medic issue, which is a very serious issue and has serious patient care implications. I'd like to ask you this question: As a single medic, can you respond to all calls or only certain calls due to medical requirements?

Mr. Brandon R. Doneff: With regard to that, what normally happens is if an on-scene comes, as a single medic, we are told we are to go. We have never been told to stand down because we're a single medic. In the event that I would require assistance, be it verbally or physically, I can phone my patch physician, whose licence I am under. They have given me orders under their licence to administer medications and such.

Mr. Frank Klees: So who has directed you to go as a single medic, notwithstanding what the medical requirements are?

Mr. Brandon R. Doneff: Management.

Mr. Frank Klees: And you're aware that that is contrary to provincial legislation, and so your current management is actually breaking provincial legislation standards? You're aware of that?

Mr. Brandon R. Doneff: When you put it that way, that is correct.

Mr. Frank Klees: That is correct. Thank you.

The question was asked about on-scene investigations. You mentioned that the minister was very gracious in making a public relations visit to the London base.

Mr. Brandon R. Doneff: Yes.

Mr. Frank Klees: Did you get a sense that she had any knowledge about what to look for to see if things were what they should be in that base, or was it just basically a “Hello, nice to see you. Thank you for what you do”? Was there an official function that she was carrying out?

Mr. Brandon R. Doneff: I don’t believe so. I honestly believe that she came to us as a human being. She came to us because she knew what we were going through and she heard the rumours. Also, she asked us, “Do you think I did the right thing about having your CEO removed?” Things changed, and we all agreed, yes.

Mr. Frank Klees: I’d like to ask you this. My understanding is that there have been no quality-care drop-in inspections from the Ministry of Health, there have been no Ministry of Health audits of the London base since Mr. McKerlie was installed. Is that correct?

Mr. Brandon R. Doneff: Unfortunately I cannot answer that because I have no knowledge of—I’m not management, so I wouldn’t be privy to that information. I would only be in that knowledge if it was hearsay, like, “Oh, yesterday we had a visit from so-and-so from the Ministry of Health” and such.

Mr. Frank Klees: One would have thought, particularly given your experience and your senior position, that if there was a visit like that, an audit from the Ministry of Health, you would be made aware of that. Would you agree with that? I mean, these are not secrets.

Mr. Brandon R. Doneff: No, and we’re a very small community.

Mr. Frank Klees: Right. But you’ve heard of no visits from the Ministry of Health?

Mr. Brandon R. Doneff: I have not.

Mr. Frank Klees: Would you think that, given the history, that might be one of the priorities, to ensure that bases are properly inspected to ensure that all of the things that have gone wrong in the past—that there might be an inspection rather than just a public relations visit?

Mr. Brandon R. Doneff: Well, I found it rather odd because I just spent a night at the Delta Chelsea, and in every bathroom, there’s a little card, and it has a signature, a time, a date and “Inspected by.” That’s a bathroom at a local hotel.

Mr. Frank Klees: Interesting. You’re familiar with Canadian Helicopters. You actually were employed by them previously, is that right?

Mr. Brandon R. Doneff: That is correct.

Mr. Frank Klees: And you indicated in your testimony previously that things were not that bad when it was under Canadian Helicopters and Voyageur for the fixed-wing, right?

Mr. Brandon R. Doneff: Yes.

Mr. Frank Klees: Are you aware that, when both of these companies were providing service to our air ambulance services, the dispatch reliability of those two companies was registered, tracked very carefully, and it stood at 98% response? Are you aware of that?

Mr. Brandon R. Doneff: I didn’t know it was that high—and I was also aware that there were penalties if we did not have a second pilot, a second medic—

Mr. Frank Klees: So under that previous system, if Canadian Helicopters or Voyageur allowed to have happen what is happening consistently under Ornge, there was a financial penalty that they had to pay to the Ministry of Health. Correct?

Mr. Brandon R. Doneff: That is correct.

Mr. Frank Klees: Is there a financial penalty now that you know of?

Mr. Brandon R. Doneff: Not that I am aware of.

Mr. Frank Klees: Of course not, because it’s inside baseball. There’s no accountability to anyone.

Mr. Brandon R. Doneff: I believe they say that’s the fox guarding the henhouse.

Mr. Frank Klees: Yes. Actually, perhaps that’s part of that Ornge box that they were referring to.

I have one other question for you—I wish we had more time, because it affects you and your front-line colleagues. The AW139s, as I understand it—there’s a very negative impact of a generator failure. Are you aware of that?

Mr. Brandon R. Doneff: I have never been on a flight and had a generator fail.

Mr. Frank Klees: Thank God.

Mr. Brandon R. Doneff: Correct.

Mr. Frank Klees: Let me give you the summary here of what I understand the technical issue is. The AW139, as I understand it, is equipped with two generators, one on each engine. The redundancy built into twin-engine helicopters, or other helicopters, allows for the essential electrical systems to continue, even in spite of the failure of one of those generators. There’s a redundancy built in from the other generator. I’m told that the Ornge 139 medical systems are designed to shut down on the loss of a single generator. The implication of that is this: You’re in flight, and all of the systems built into the helicopter for patient care cease to function—all of them; that includes medical oxygen, suction, compressed air, satellite communications. Where does that leave you as a paramedic with your patient?

Mr. Brandon R. Doneff: That leaves me with my experiences and my medical training alone.

Mr. Frank Klees: This information was given to Mr. McKerlie within weeks of him coming onside. Has anything been done to address that issue?

Mr. Brandon R. Doneff: To the best of my understanding, no. Even with the medical interior, when it first was launched to us, there were a lot of questions, and more so concerns, about that.

Mr. Frank Klees: To that end, I have minutes here of a meeting that took place February 23, 2011, with the London flight paramedics. I’m sure you were there.

The Chair (Mr. Norm Miller): Do we have copies for other members?

Mr. Frank Klees: Yes, we do, as a matter of fact.

There are 20 flight paramedic occupational health and safety issues listed here that relate to the AW139. There

are eight specific public and patient safety issues listed in these minutes, and 24 miscellaneous issues. I appreciate your courage in continuing to carry on what you do, but I'm going to ask you this question: What is your perception in terms of the relationship between you and the job that you do and the Ministry of Health of the province of Ontario?

Mr. Brandon R. Doneff: That's got some teeth, that question. I don't really know how to answer that. I believe that when Ornge was given the job and the duty to complete their task—and that's to provide an air ambulance service to all of Ontario—that it was with faith. I believe the faith was sugar-coated, so to speak. I don't know at what point in time things went wrong. I don't know who's to blame. I can't point a finger.

Mr. Frank Klees: Is it fair to say—

The Chair (Mr. Norm Miller): You're on your last minute, Mr. Klees.

Mr. Frank Klees: Is it fair to say that as a front-line paramedic, providing important emergency services in the province of Ontario, that you believe, and all of your colleagues believe, that they are working for the province of Ontario? Is that fair?

Mr. Brandon R. Doneff: Yes, 100% fair.

Mr. Frank Klees: Do you think that it would be expected from your colleagues and everyone else in this province that the Ministry of Health would exercise proper accountability and oversight of that air ambulance system to ensure that they're properly resourced, to ensure that they're doing their job appropriately, that all of the conditions are being met? Is that a fair expectation that you would have and that your colleagues would have and that every person in this province would have?

1010

Mr. Brandon R. Doneff: Yes.

Mr. Frank Klees: Do you believe that the Ministry of Health has exercised that accountability?

Mr. Brandon R. Doneff: I am uncertain.

Mr. Frank Klees: How can you be uncertain, knowing what you've seen and telling us today all of the things that have gone wrong, all of the faults, all of the failures? Please—to this point you have been very forthright; I'd like to hear from your gut in terms of what you believe the Ministry of Health has done. Have they exercised their responsibility of oversight of Ornge?

Mr. Brandon R. Doneff: I think to err is to be human. I want to believe that when people are doing a job, they do the best of their capabilities at that point in time.

The Chair (Mr. Norm Miller): Thank you. We'll move to the NDP.

Mrs. Liz Sandals: Point of order: Can we find out where these documents are? This is the second document Mr. Klees has tabled, and there's no indication whose meeting notes they are. There's no indication whose health and safety document this purports to be. We just have no idea where these are coming from.

Mr. Frank Klees: Well, Mr. Chair—

The Chair (Mr. Norm Miller): Quickly, please, Mr. Klees.

Mr. Frank Klees: —the names are at the very top of the document.

Mrs. Liz Sandals: No, the c.c.s are there. I know who it got copied to. I don't know who it's to or who it's from. I don't know who wrote the documents.

Mr. Frank Klees: Well, let's look into all of the documents we've received from the Ministry of Health—

The Chair (Mr. Norm Miller): Okay, let's not cut into the NDP's time, please. Go ahead, Ms. Gélinas.

M^{me} France Gélinas: Thank you. I want to bring you back to the summer where you had your meeting and where you felt that, "Things are not good here. We have more and more one medic rather than two. We have issues of delayed departures. We're going in the wrong direction." Were you the only one feeling that way?

Mr. Brandon R. Doneff: Definitely not. It was unanimous. We as the front-line staff knew something changed, and it didn't change for the better. Change is good, but not this time.

M^{me} France Gélinas: But not this time. Did you actually formally speak as staff? Did you have a union meeting about it or just talk between yourselves during—

Mr. Brandon R. Doneff: No. It was raised to our management. I firmly believe that individuals that were involved at the time basically stated, "This is what we're doing, and this is why. This is for the best interest of Ornge," because there were money issues. They always routed back to the money. We just found that so disheartening: that there's no more money, yet our previous employer didn't have any problems with money. They never once said to you, "You're not allowed to take sick time anymore," "You're not allowed to downstaff that helicopter," or "Which base shall we close?" We'd never heard that before.

M^{me} France Gélinas: But then you were hearing it, and the answer was that it was because of the money, and it was better for Ornge to go down that route.

Mr. Brandon R. Doneff: Yes. Or close a base and cut jobs.

M^{me} France Gélinas: Hmm.

Mr. Brandon R. Doneff: That's what we said.

M^{me} France Gélinas: That's a heck of a choice.

Mr. Brandon R. Doneff: Yes.

M^{me} France Gélinas: The medics talked between themselves, and you formally talked to management, and this is the kind of feedback that you got back. Did your union ever file grievances?

Mr. Brandon R. Doneff: I am unaware if they did. I think it's safe to assume they did, but I didn't see physical grievances. That was the hugest buzz around the whole base—across the whole province, every single base we were [*inaudible*].

M^{me} France Gélinas: And would you say that every single base did the same: went to their manager and were told pretty much the same thing?

Mr. Brandon R. Doneff: I can only speak on behalf of what I know at the London base. I know for a fact that Ottawa did and Toronto did as well, because we were closer communities. I'm not certain about the north. I

think it's safe to assume, for a lack of better words, that they did as well.

M^{me} France Gélinas: Who did you feel had the responsibility to put you back on the right track?

Mr. Brandon R. Doneff: I felt it was upper management, our CEO and COO at the time. I felt that it was their role and responsibility as leaders in our transport medicine and of Ornge to provide a service that was safe and effective and efficient for our fellow people in Ontario.

M^{me} France Gélinas: Coming back to some of the comments you were making to Mr. Klees, you really saw the relationship was—you were working for the province of Ontario, you were working for Ontarians to help us in times of need, and the province, the way it was explained to you, was not giving you enough money to do a good job?

Mr. Brandon R. Doneff: That's correct.

M^{me} France Gélinas: That's the way it was explained to you.

Mr. Brandon R. Doneff: That's correct. They said the money was gone.

M^{me} France Gélinas: And you thought that the province didn't care if we didn't provide a good service?

Mr. Brandon R. Doneff: No, not once. We felt it was because, as the management team, and especially—had there been no Ornge Air, Ornge Global and all this talk—there was so much emphasis on everything else. They said, "Ornge is fine. Ontario is good," and we were like, "We're not good. Things have changed. We're worried. We're concerned about our fellow paramedics, our pilots. We're concerned, more importantly, about the patients that we're transporting. This is, at times, unsafe for them." I know there were some medics questioning their integrity at work. They wanted to quit. And that's not what we wanted.

M^{me} France Gélinas: That bad, eh?

Mr. Brandon R. Doneff: Yes.

M^{me} France Gélinas: Do you know if any of them actually left Ornge?

Mr. Brandon R. Doneff: I believe some did, yes—not at London. Some were fed up with it. They had enough. It was breaking their moral and ethical code, their code of honour, so to speak.

M^{me} France Gélinas: And you figured the only one who could fix that was upper management, and upper management was busy someplace else, in Brazil, and everywhere else but in Ontario?

Mr. Brandon R. Doneff: Yes.

M^{me} France Gélinas: So at no point did you see that the government could help put that agency on the right track?

Mr. Brandon R. Doneff: That's a good question. In hindsight, perhaps we could have come to the government and said, "Look, as medics, this is what we're finding." But it's funny how you always say something and expect someone else to do something. So that's a good lesson.

M^{me} France Gélinas: We were talking about base audits. The base audits, I take it, were done by people from the ministry.

Mr. Brandon R. Doneff: Correct. Actually, some of them were paramedics, and it is their job to come around and do certain audits and such.

M^{me} France Gélinas: Did you ever talk to them?

Mr. Brandon R. Doneff: Yes.

M^{me} France Gélinas: What did they say?

Mr. Brandon R. Doneff: They said, "We're aware of it."

M^{me} France Gélinas: They were aware of it.

Mr. Brandon R. Doneff: Yes. Actually, on one shift in particular, we received—there was an investigations officer, and he took me aside, and I actually closed the door on my manager at the time when we went into the helicopter because he attempted to come in and out. I said, "There's no room in here. You're well aware of that. There are only two seats on this side." I think he took the hint so that we could have a private conversation. We basically stated that there were concerns, and he said, "Yes, that's why I'm here." He was there because there were concerns raised with regard to the CPR issue, which raised eyebrows once again with regard to why we have Transport Canada's allowance on certain occasions to drop the stretcher. I don't know if you're aware of the medical interior within the AW139, but—

M^{me} France Gélinas: A temporary fix, yes.

Mr. Brandon R. Doneff: Yes. So is that the best? With what we have to work with, it's sufficient.

M^{me} France Gélinas: So the people who were doing the base audit became aware of the issue. They would tell you, "We know about it," but they would not come forward with solutions?

Mr. Brandon R. Doneff: I don't know. They never got back to us and phoned me up and said, "Brandon, this is what I've done. These are the individuals who are now involved, and here are their names and emails and contact information. You can contact them at your leisure."

I had never received an email or any response from any of them. It was all pretty much in passing, so to speak: "Oh, things are very rough at Ornge. I'm very understanding about what's going on. It's bad, it's very bad." And that was it.

M^{me} France Gélinas: And that was it.

Mr. Brandon R. Doneff: That was it.

M^{me} France Gélinas: Everybody knew, but nobody acted.

Mr. Brandon R. Doneff: Yes.

M^{me} France Gélinas: And that went on for months.

Mr. Brandon R. Doneff: It did, yes.

M^{me} France Gélinas: It must have been really discouraging.

Mr. Brandon R. Doneff: It was. But I have my family. It's a career. I mean, I love my career, but if it came down to it, I'd find something else.

M^{me} France Gélinas: It was at that point where, if it kept going that way and your moral compass couldn't take it anymore, you would have just walked away?

1020

Mr. Brandon R. Doneff: No, I'm not the type of man to walk away. I think I probably would have gathered the troops, so to speak, and done something else. I probably would have marched to the Minister of Health and said, "Look, we have to do something about this."

At the same time, when the bubble was beginning to burst within a lot of people, things were starting to change; investigations were starting to occur. That was like a breath of fresh air, so to speak, and we were like, "Finally."

M^{me} France Gélinas: Did you know that the Auditor General was auditing Ornge?

Mr. Brandon R. Doneff: We heard rumours, yes, and we smiled. We really did. As front-line staff, we were not concerned; we were relieved. There was a heavy weight being lifted from our shoulders.

M^{me} France Gélinas: Because you knew that things could only get better?

The Chair (Mr. Norm Miller): You're out of time, so we'll move to the government. Ms. Sandals.

Mrs. Liz Sandals: Just a quick comment: I want to apologize for what seems to be an attack on your integrity, for going out and being a single staff and making sure the patient gets cared for. I'm sure if we had a fire truck that was one man short, nobody would be critical of the firefighters for going into the burning building when they're one man short. So thank you for your dedication in doing what you do.

Mr. Brandon R. Doneff: Thank you.

Mrs. Liz Sandals: Mr. Moridi.

Mr. Reza Moridi: Thank you, again, Mr. Doneff. Mr. Doneff, there are those people around who use this Ornge controversy to question the quality and qualifications of Ornge pilots and paramedics. They have questioned the skills of pilots and paramedics. They have questioned their level of training. What would you say to those who have been critical of the quality of front-line workers at Ornge?

Mr. Brandon R. Doneff: Sorry, there was a bit of a noise. The last—

Mr. Reza Moridi: There has been some criticism on the quality and qualifications of the front-line workers at Ornge by some people. What would you say to those people?

Mr. Brandon R. Doneff: I say those are all wrong. I say that the roles and responsibilities of front-line staff have not changed. We are still tested annually, sometimes biannually. We have continuing medical training, where I, myself, am side by side with doctors, and they train us. If we're not up to par, we do not pass. So I have never, ever doubted certification levels within our organization for front-line staff. That goes across the board, that goes across from paramedics, all levels—we have to meet certification—all pilots and all engineers. So I feel safe there.

Mr. Reza Moridi: Over the past few months—eight or nine months in the past—as you know, there has been a remarkable amount of media coverage about the Ornge

controversy. Most of it has been negative. How has this situation affected the morale of you and your colleagues at Ornge?

Mr. Brandon R. Doneff: Well, there have been some choice words, forked tongues, towards us, but for the most part, we know it's not us. But it is very disheartening when you hear the public saying, "Hey, how's that motorbike? How's that boat? Hope you're enjoying it." It's like, "Really? You really think I'm enjoying that motorcycle and that boat?" I have never laid eyes on either, other than up at head office. I've never been invited to a cottage to use that stuff. I'm a front-line staff. I'm not privy to that information.

The morale: Once again, it's whichever you feed. If you allow the negativity to fester inside of you, then that's all it is, and it's going to grow; it's like a cancer, so to speak. I don't allow it.

Mr. Reza Moridi: So would you think that it didn't affect the morale of the staff, of the front-line workers?

Mr. Brandon R. Doneff: I think it affected some of the front-line staff more than others. I saw a great deal of depression amongst some of my colleagues. But, for the most part, we've all come back to work. We still enjoy the time off, but maybe not as much—some individuals—enjoy the time at work as they did prior to.

Mr. Reza Moridi: Some people have come to me and said, "Enough already." They have said, "It's time to move forward." They have said, "We have heard all we are going to hear; let's go back to what matters, which is basically delivering the best emergency health service to Ontarians." What do you think about these kinds of comments, which sometimes I hear from people?

Mr. Brandon R. Doneff: I like that comment. Let's turn it into something positive. Unfortunately, an atrocity was committed. Once again, as stated, we, as the front-line staff, had nothing to do with it. Were we aware of it? We heard rumours of it, but rumours are rumours, and we know what happens with rumours. It's just talk.

But now, when it has come into the light, it's disgusting to know that people would do that and then lie to your face and say, "We have to close bases because we have no money." Yet here it is now, in black and white, and it's being proven that there were some key individuals who were very unethical in their doings and dealings.

We don't want any part of that. We want our hands to be washed clean of it. We don't want to be known as "Ornge: the individuals who stole money from the government," because that's not what we're about.

Mr. Reza Moridi: Mr. Doneff, as you know, late last year, and earlier this year, actually, our government took a number of steps to address some of the problems at Ornge. That was based on the recommendations of the Auditor General. Working with Ornge, we have taken a number of steps to address some of those points which the auditor mentioned in his report. Have you noticed a difference in the organization in recent months as a result of these steps our government has taken?

Mr. Brandon R. Doneff: Yes. Yes, I have. For example, the delayed launching: There was a pre-alert, which I stated earlier. That's null and void now. It was almost the day of, when certain individuals were removed, it was no longer "set precedents." It was now, "Go back to the way you were, and when that phone rings, you go." That is 100% better.

With regard to the staffing, it's changed. Like I said, once again, all of a sudden, black and white. Key individuals were removed, and now we're doing our job with the partner in that seat, to the best of their capability. If someone is able to come in and fill that seat, or if there is an extra medic within the province—like, in Toronto and stuff, we have land crews as well. We'll pick them up and staff that machine to its capability. So that has changed, yes.

Mr. Reza Moridi: So that has a great impact on the morale of the staff and also on the operation of the organization?

Mr. Brandon R. Doneff: Yes.

Mr. Reza Moridi: As I can see or hear from you, that organization is working in a perfect situation, or in an ideal situation, as you would expect it to operate?

Mr. Brandon R. Doneff: Yes. Change is good. There are still some issues, such as the medical interior, but it's my understanding that there is a committee with regard to that. I haven't heard anything within the last—I think since summer; for some unusual reason, things have sort of ceased. But I'm told that a legacy interior—that's what they're calling it—is coming down the pipe, and there are some changes.

Mr. Reza Moridi: What major impact has the change of leadership had on the front-line workers at Ornge?

Mr. Brandon R. Doneff: As stated, we were relieved, very relieved, because we saw that we were going down a road that we didn't like. We knew it was going to be detrimental to patients' care, and we didn't like that. That's not our job. Once you started tying the hands that provided care to the patients, it became dangerous and, once again, unethical.

Mr. Reza Moridi: There have been a number of changes with respect to patient safety and related issues at Ornge. For example, I understand there have been some interim modifications to the medical interiors of AW139s, and there have been some changes with respect to the dispatch policies at Ornge. What policy changes have made the biggest difference, in your view, at Ornge?

Mr. Brandon R. Doneff: As stated, the policy that was removed, with us delaying our launch times—100%, a hundredfold. We would wait anywhere from 20 to 30 minutes. We would be there already. Within our radius of the London base, 30 minutes—that's a lifesaver.

They speak of a golden hour for patients. There's not a lot of validity within it, but it's still spoken of. Basically, once you're injured—in order to get an individual who is a traumatic patient to a surgeon within that hour really, really increases their odds of survival. When you delay us by an extra 10, 20, 30 minutes, just because of—and I

understand because of money; I do, I truly do. But how much is a life worth? That's the biggest thing.

1030

The Chair (Mr. Norm Miller): You're on your last minute.

Mr. Reza Moridi: Okay, thank you. Mr. Doneff, I understand that recently you have authored a book entitled *Medics Little Helper*. Could you tell us a bit about your book?

Mr. Brandon R. Doneff: Yes, I can. Actually, I think I have a copy in my bag as well. Basically, what it was is because of all of our training as paramedics—and prior to this career, I was a registered nurse in the emergency room at St. Joseph's in London. As stated, there's just so much information out there that is required upon us every year for our teachings and our certifications, so it's a study guide that basically documents medical information as a pocketbook, while you're on call, for a quick reference guide. It's a study tool for students, or even graduates.

The Chair (Mr. Norm Miller): The time is up. Thank you very much for coming before the committee this morning, Mr. Doneff.

Mr. Brandon R. Doneff: The pleasure is mine.

Mr. David Zimmer: Chair, just while we're getting ready for the minister, could we have a three- or four-minute break?

The Chair (Mr. Norm Miller): We have limited time, so I think we'll just keep going. Thank you.

MINISTRY OF HEALTH AND LONG-TERM CARE

The Chair (Mr. Norm Miller): Our next presenter is the Minister of Health. I invite the minister forward. Welcome, Minister. You have time to make a statement—up to 10 minutes—if you wish, then we'll go with questioning from the various parties. Thank you for coming back to the committee.

Hon. Deborah Matthews: It's my pleasure to be here. I want to begin by thanking the committee for the second chance to be here with you. The work you've undertaken is very important, and I'm pleased to participate in it.

We've come a long way over the last few months. Ornge is now under new management, and the mandate of the new organization is clear. While much has been accomplished, there is much more work ahead.

I feel very honoured to follow Brandon Doneff this morning. I've had the opportunity to meet many of the front-line staff at Ornge bases across Ontario, and I do want to thank them again—the employees at Ornge who have never, ever wavered in their dedication to the people and patients of Ontario. They deserve nothing but our highest praise and deepest gratitude.

Our front-line staff and our new management team are supported by our new volunteer board of directors, who stepped up on behalf of Ontario patients. Members of our volunteer board of directors are very busy, accomplished people, and yet each one of them said yes, without hesi-

tation, to accepting this challenging task. The board's commitment is already showing results. I am, and Ontarians are, indebted to them.

Much has been accomplished at Ornge. Perhaps most important is the change in culture since the old leadership was replaced. You heard about that from the previous witness, as he said things changed dramatically. The culture of fear and intimidation has been replaced with a culture of continuous quality improvement. I cannot stress the importance of this change enough.

As a government, we're also working diligently to implement reforms and act on all of the Auditor General's advice. There are six areas of reform I wish to highlight.

(1) We now have a stronger performance agreement in place that reflects the rigorous oversight advised by the Auditor General.

(2) The number of front-line staff has been increased to ensure more patients have access to this life-saving service.

(3) Patients are now unquestionably the number one priority of the management team. A patient declaration of values has already been established.

(4) A patient advocate position is being created that will provide a dedicated professional to advocate on behalf of patients and their families, and resolve any concerns they may have.

(5) There is a new quality-improvement program in place for air ambulance dispatchers, which is helping to improve communication and provide more timely care to those who need it.

(6) In recognition that staff must always feel empowered to speak up and speak out, Ornge is developing a whistle-blower policy. Entrenching that policy as a matter of law is one of the reasons why it's so important that we pass Bill 50. We heard from Brandon Doneff how important it is that front-line staff can speak up without fear.

Bill 50 would also allow us to appoint a supervisor in extraordinary circumstances and would give the government the flexibility to change the performance agreement with Ornge at any time.

Is this progress? I hope you would agree that the answer is yes. Do we have positive momentum? I believe so. But is the job finished? Absolutely not. There is more to accomplish. As minister, I am dedicated to finishing the job of identifying and implementing the changes required on behalf of patients and taxpayer, because they deserve the highest standard of quality and excellence in their air ambulance service.

I am asking for the help of this committee. By the end of this week, you will have sat for 75 hours, you will have heard from 54 witnesses and received tens of thousands of pages of documents. Your work has been extensive and thorough. Once again, I thank you for the efforts you have made.

If we are to best serve the needs of patients, we need to be focused on solutions. I'll happily answer your questions today for a second time. I'll come back again if you

need me to, and again after that. But at some point, on behalf of Ontario patients, I need your best advice. With that in mind, and respecting that the committee sets its own schedule and acts with full independence, my hope is that this committee will be in a position to table its report at the earliest available opportunity. A timely committee report, focused on solutions, would help to maintain momentum and would mean patients would benefit sooner.

There are a couple of additional matters I wish to address directly. First and foremost, I want to repeat what I've said many times in the past: We should have done better. As the Auditor General has indicated, the original performance agreement was clearly inadequate. We have recognized that, and we have remedied that. We must be ever-vigilant. Many of us share responsibility for what transpired at Ornge. As minister, I take my full share of responsibility. I have acted quickly to fix the problems identified.

Second, I want to respond to the testimony of Dr. Chris Mazza and the specific suggestion that he had always been willing to co-operate; that had he been asked to make any changes of any kind at any time, his answer would have been, "Yes, ma'am." Pure nonsense.

I know it's pure nonsense by the fact that he rejected a request to have his salary publicly disclosed while other senior management voluntarily complied. I know it's pure nonsense by his stonewalling of the Auditor General, who, after nine years of completing such audits, described Mazza's Ornge as "one of the most difficult auditees we have ever encountered." I know it's pure nonsense by his manipulation of patient transfer numbers in reports to my ministry. And I know it's pure nonsense by the fact that there were at least two occasions when Chris Mazza avoided meetings with me, as a minister, and then claimed I would not meet with him. The first was when I visited the Ornge base in London. I expected he would be there, but he did not show up. Later, I sought a meeting with Ornge after learning that he was stonewalling the Auditor General and my ministry officials on a number of issues, not least of which was salary disclosure. Not only did I expect him to attend the meeting, I expected an explicit accounting from him as CEO. Again, he did not show. I think we can agree, that was not a "Yes, ma'am," but it was a message received loud and clear, and it led directly down a path that ended with the complete overhaul of leadership at Ornge.

I operate under no illusion that, had Chris Mazza met with me, he would have been forthcoming about his actions. Indeed, as recently as his appearance here, he refuses to acknowledge that he has done anything wrong. His actions are perhaps most disappointing because I meet real health care leaders every day. I meet them in our hospitals, in our long-term-care homes, in our community health centres, across our entire health care system. Thousands of health care leaders in Ontario understand their responsibility to the people of Ontario. Every day, they go above and beyond for the patients of Ontario.

1040

So when I see Chris Mazza walk into this room and suggest that all we had to do was ask, I do not and I will not accept it.

As Minister of Health and Long-Term Care, I feel passionately about the efforts we're making to transform our health care system, and at the heart of that effort is a simple recognition that the system excels when we put patients first. It is their health care system, and it should be organized around their needs, not those of the minister or public servants or MPPs, not of providers or administrators. Collectively, we must all be here to serve patients first, last and always.

I'm talking about an ethic of trust, a genuinely sacred trust between those who lead our health care system and the patients who depend upon it.

There is no room for greed in Ontario's health care system.

So the task now falls to all of us, and to me in particular, as minister, to put things right. I've described to you how we're already restoring integrity to the operations of our air ambulance service. We're on track to implementing all of the Auditor General's recommendations. Still, there is much work ahead of us, and I can assure you that my ministry is committed to that effort. I believe that a timely, constructive report from this committee, with a focus on practical reforms and future-oriented solutions, will only help to strengthen that cause.

I want to thank the committee again for this opportunity to appear. I'm very happy to take your questions.

The Chair (Mr. Norm Miller): Thank you for that opening statement.

The NDP will go first. We will have about 25 minutes for each caucus, which I'll do in one slot, if that is fine with committee members.

M^{me} France G  linas: Okay. Flag me after 15.

The Chair (Mr. Norm Miller): Very well. Go ahead.

M^{me} France G  linas: Thank you.

Good morning.

Hon. Deborah Matthews: Good morning.

M^{me} France G  linas: Thank you for your opening remarks. It's still puzzling to me that we're still here this morning and still wondering what happened. At the core of it are basically testimonies that are so diametrically opposed that it's really hard to believe that they can be part of the same story.

So I will start with this question: When did you find out that things were wrong at Ornge?

Hon. Deborah Matthews: When I was reappointed as Minister of Health in October 2011, after the election campaign, there were a number of issues that I needed to be briefed on. One of them was Ornge. So I think within a week of my reappointment, I was briefed on the issues. I learned that the Auditor General was having difficulty getting answers to his questions, that he was met with legalistic responses. I learned that my own ministry officials also were not getting answers to questions they thought they should be getting from Ornge.

One thing led to another, but in December, I had a meeting with—the meeting I referred to in my statement, where Chris Mazza did not show up, but the COO, Tom Lepine, and Chair Rainer Beltzner did. At that meeting, I made it very, very clear to them that I expected them to be forthright, to answer whatever questions the Auditor General had, whatever questions my ministry had, and to reveal the salaries that they had been hiding of their senior management.

Shortly after that, they did in fact release that information, and that was when the house of cards started to tumble. When I saw the outrageous compensation being paid to Dr. Mazza, I knew there was a whole lot more that needed investigation. It was then that I sent in the forensic audit team, which ultimately has led to a referral to the Ontario Provincial Police. We replaced the CEO. The board resigned, and we put in a completely new board, a very high-calibre board, a board that is doing a superb job in getting Ornge back on track.

So, to answer your question, I became aware of these issues—serious issues—at Ornge shortly after I was reappointed as minister. I acted immediately, and I acted aggressively.

M^{me} France G  linas: As you said, we've had 54 witnesses come before us. I would say at least 45 of them have told us that they rang the alarm bell about Ornge to you directly, to other ministers, to many people within your ministry, for the last two years.

Minister, we have you on tape saying that when the corporate structure was presented to your ministry in January 2011, red flags went up. You knew then that something was wrong. You go on to say, "We tried to get answers but we were stonewalled." What happened from January 2011 till what you say happened in the fall?

Hon. Deborah Matthews: Just to be clear, the January 2011 meeting that you're talking about was to brief members of my staff and ministry officials on restructuring, or the creation of a different corporate structure, at Ornge, much of which had already happened. I believe that your party was also briefed, and the Conservative Party was also briefed, on that change, so we all had that information.

That wasn't the problem. The problem was that numbers were being fudged; the number of patients being transported was being fudged. We did not have access to information that we now have access to—

M^{me} France G  linas: So the corporate structure was never an issue for you? You saw the web of for-profit companies and that was not the problem?

Hon. Deborah Matthews: The corporate structure was not the problem. The problem was, the leadership at Ornge was more interested in what Ornge could do for them than what they could do for the patients of this province. It was an issue of the culture in that organization, and that is evidenced by their reluctance to cooperate, except through their lawyers in a very legalistic way, with the Auditor General, with myself.

We were told at that time that they had based this corporate structure on the Alberta model, STARS, where

they do have a robust charity affiliated with the air ambulance service, that actually generates revenue back. We were told that up to \$200 million would flow back to Ontario's air ambulance system from that structure.

M^{me} France Gélinas: But having a transfer payment agency have a charity is something you see in your ministry all the time. Having a web of for-profits, to the scale that was in that briefing, is something that I'm sure none of your bureaucrats had ever seen before, you had never seen before—and I certainly had never seen this before.

Hon. Deborah Matthews: We had very probing questions asked of Ornge about the relationship between the for-profits and the not-for-profits, and we were given very explicit assurances—as I suspect you were, and as I suspect the Progressive Conservatives were when they were briefed—that public money would not flow into supporting the for-profits. In fact, it was the other way around; the direction of money would be from those other entities into the publicly funded system. That was how it was explained. As we know, thanks to the work of the Auditor General and others, that may not have been the way it actually happened.

Mr. Jagmeet Singh: Minister Matthews, what it shows, though, is that, systematically, through Ornge's inception to present, all the way along, there were briefings conducted with the ministry, apprising the ministry about what was going on. And all the way, the ministry never said, "We don't like the direction you're going. We don't like what you're doing. We don't like this web of corporate for-profit entities." Nowhere along the way did the ministry ever say, "Stop what you're doing. We don't like the direction you're taking." Do you agree with that?

Hon. Deborah Matthews: The ministry met, and continues to meet, with Ornge senior management quarterly. They go through various issues and get reports back from Ornge. That work happened then, and it continues to happen. There was an ongoing relationship between the ministry and Ornge dealing with the service to Ontarians. That was the issue: the service to Ontarians. We contract with Ornge to provide air ambulance service. That was the relationship. We now, of course, have wound down, or are in the process of winding down, all of the other entities that were created.

1050

M^{me} France Gélinas: But if that was not the problem, why are we winding them down? They were part of the problem, Minister, and they still are.

Hon. Deborah Matthews: We want Ornge to focus solely on providing excellent air ambulance service to the people of Ontario.

M^{me} France Gélinas: Why didn't you want this back in January 2011? Why didn't you want this back in 2006, when your government set this up that way? Why now?

Hon. Deborah Matthews: What I can tell you is that our focus has been on and continues to be on providing excellent care to the people of Ontario. It was thanks to the work of the Auditor General—

M^{me} France Gélinas: But that's what you promised to do. I mean, the Auditor General says, and we all know, in February 2006 you were supposed—"The ministry committed to set standards and monitor performance against those standards ... the 'end result will be improved care, improved access,'" increased efficiency, increased effectiveness etc. This is what you were supposed to do from the start.

Hon. Deborah Matthews: The original—

The Chair (Mr. Norm Miller): And could I just say, please let the minister answer the questions. Don't cut her off.

Hon. Deborah Matthews: The original performance agreement, we all recognize, in hindsight, was not strong enough. The performance indicators did not go as far as, in hindsight, they should have, which is why we have a new performance agreement, with much stronger oversight. We now can track, for example, how many calls come into Ornge but are refused; they are not completed—what's the cause? Why weren't they responded to? We just have far more information now that—in hindsight, of course we would have strengthened that performance agreement. But we have taken the advice—

M^{me} France Gélinas: But you never tried to strengthen it. There are 54 witnesses who have come, and none of them ever said, "Oh, yes, the ministry came to us and they wanted changes." None of this ever happened. It was like this agency was running amok. Everybody was coming to your ministry, to yourself, to other ministers, to tell you that this agency was running amok, and nothing got done.

Hon. Deborah Matthews: I have to take issue with some of the characterization of what was happening. Ornge air ambulance provides excellent care to the people of Ontario, and it is getting better and better. You heard from Brandon Doneff this morning about the changes he has seen at Ornge—

M^{me} France Gélinas: Yes, but I've heard about \$1.4-million salaries and I've heard about—

Mrs. Liz Sandals: Excuse me, please allow the minister to answer.

The Chair (Mr. Norm Miller): Yes, I'll do that. I'll be the Chair.

M^{me} France Gélinas: We've heard about for-profit entities, and we've heard about—

Mrs. Liz Sandals: Chair, she's cut her off again. She isn't getting to answer.

The Chair (Mr. Norm Miller): Go ahead, France.

M^{me} France Gélinas: We've heard about a lot of things that were wrong at Ornge: the salary, the loans that were done, the marketing agreements that were done, the decrease in quality of care—all of this was being fed to you and your ministry.

Hon. Deborah Matthews: Oh, excuse me, none of that information was made available—none of that information. I learned about Dr. Mazza's exorbitant salary in December of this past year—on December 22, I think it was. On December 23, a forensic audit team was—

M^{me} France Gélinas: But why didn't you ask before?

Interjections.

The Chair (Mr. Norm Miller): Please let her answer. Please let her answer.

Interjection.

The Chair (Mr. Norm Miller): I am the Chair.

Hon. Deborah Matthews: We did ask.

M^{me} France G  linas: We filed a freedom of access to information for his salary two and a half years ago.

Hon. Deborah Matthews: Yes, and you heard from Patricia Li that we did not have that information. There was no information provided to the government that outlined the income Chris Mazza was getting from anything but the not-for-profit Ornge air ambulance service. All of the other income he was hiding. It was only after explicit, clear instructions from me that we needed that information that that information was revealed. You heard Dr. Mazza when he testified. He still claims that his compensation was a fraction of what we know it is to be. We did not have that information. Trust me—had we had that information, we would have acted immediately, and that's what we did. When we got the information, we acted immediately.

Mr. Jagmeet Singh: The issue isn't that you didn't have the information; the issue is that when you were alerted with a freedom-of-information request, when you were alerted that that was something that the parties wanted—the NDP wanted—you didn't take any steps at that point. Later on, I'm sure you took steps, and we all see that steps were taken. But when you were alerted back in 2010, why weren't steps taken then? Why wasn't it put as clearly as this: "Listen, disclose your salary or we'll withhold payments. Disclose your salary or there will be some severe repercussions"? Why weren't those steps taken back in 2010, when you were given this red flag, when you were given this warning on behalf of the NDP?

Hon. Deborah Matthews: With the benefit of hindsight, of course, we all would have done things differently—with the benefit of hindsight. If I had known then what I know now, of course I would have acted then.

What I can tell you is that the Auditor General was doing his audit. He always has done an excellent job. I had confidence in the work of the Auditor General. I can tell you, as soon as I had known that salary, I would have acted immediately, as I did act immediately. But I can tell you that—

M^{me} France G  linas: But there were also 47 questions from my leader—

Interjections.

The Chair (Mr. Norm Miller): Once again, with this committee, if we can have—

Mr. Reza Moridi: Mr. Chair, we expect you to chair the meeting properly.

The Chair (Mr. Norm Miller): —if we can keep it as civil as possible—

M^{me} France G  linas: My colleague said you had an opportunity to ask for the salary. Howard Hampton sat here and questioned—47 questions about Ornge in 2010. Not one of them were answered till March 2012. When

there are 47 questions asked in estimates that have no answers till March 2012, and then we were told, "See what's happening"—those were also warning signs. Why didn't you look?

Hon. Deborah Matthews: I've answered your question. I acted as soon as I became aware. And I'm grateful to the Auditor General because the Auditor General is the one who raised these issues, who informed my ministry. I had a conversation with the Auditor General. I confirmed with him that salary disclosure was part of what he was looking at as the Auditor General.

We've been through this. I'll continue to answer if you wish, but I really am looking for your best advice as we move forward. That is what it is time to do. We have to say, what lessons have we learned and how are we going to make sure this doesn't happen again. We are implementing all of the recommendations of the Auditor General. We have a very strong new board in place. They are driving significant change. You've heard about that.

From this committee—I'm very much looking forward to hearing from you what you think could have happened. What do we have to put in place to make sure it never happens again? We owe that to the people of this province.

M^{me} France G  linas: The point is, Minister, that you had the power to act all along but you chose to act after it hit the front page of the paper. This is why we're still here today, because the warning signs were coming from all sides. They were coming from the NDP, they were coming from the PCs, they were coming from medics coming to you; they were coming from the EMS branch, which was doing an audit and saying things are bad here, things are bad at Ornge. But yet, all of these warning signs, it didn't matter how loud it rang. It didn't seem to leave an impression on you. It kept on going.

Once it hit the front page of the paper, you had all of the power necessary to act and you did, and you acted big time. That shows to me that you had the power all along. Why did it take so long?

Hon. Deborah Matthews: Let's put things into perspective here.

M^{me} France G  linas: Sure.

Hon. Deborah Matthews: There were questions asked, I believe, in the spring session of 2011. There were 600 question period questions, three of them from the Conservatives related to Ornge. So let's not inflate the focus—

M^{me} France G  linas: Forty-seven from the NDP during estimates.

Hon. Deborah Matthews: Not during question period. I wouldn't overstate your laser-like focus on this issue, nor would I overstate the laser-like focus of the official opposition. It was the Auditor General who, through the diligence of his staff, revealed information, and frankly, it was also the work of some very good journalists in this province who revealed information. It was when that information came to my attention that I acted immediately. I think you would agree that the actions that I took were the right actions, the appropriate

actions, but I still very much look forward to your advice on what we still need to do to make it better and to make it stronger.

Mr. Jagmeet Singh: Minister Matthews, I want to paint a bit of a picture here and I'll ask you this question. My colleague's concerns are that, as a part of your obligation as a minister, oversight should occur throughout your tenure, not just when the Auditor General does great, diligent work, or not when Star reporters or other reporters do great and amazing work.

1100

You were appointed as the minister in October 2009. From October 2009 to October 2011, there were repeated briefings throughout those two years where Ornge met with ministry officials and briefed the ministry about what they were doing. They briefed them about the direction they were taking. They briefed the ministry about the purchase of aircraft. They briefed the ministry about the overall structure that they were implementing. All of these briefings took place; never in those two years did the ministry ever say, "We don't like what you're doing. We want you to do something differently. Stop what you're doing."

Why did the ministry and why did you as minister not take any action to oversee what was happening in Ornge for those two years, when there were numerous red flags brought up by people who were employees, by opposition members? There were a number of red flags set off, and you were being briefed regularly. Why did none of those briefings result in any action by the ministry?

Hon. Deborah Matthews: The very clear answer is because Ornge was not giving us that information. You know they did not give us information on salary disclosure. You know they did not give us correct information on the number of patient transfers. You know they withheld information on some issues, on incidents that should have been reported to the ministry. You know they withheld information.

It did get to the point where we were able, with the help of the Auditor General and the forensic audit team and the new leadership at Ornge, to expose these practices. That is where we are now: We are fixing the problems that were created.

M^{me} France Gélinas: I'll save my last seven minutes.

The Chair (Mr. Norm Miller): Very well. We'll move on to the government. Mr. McNeely.

Mr. Phil McNeely: Chair, I'd like to ask the Auditor General a couple of questions to start with.

Mr. Jim McCarter: Of course, Mr. McNeely.

Mr. Phil McNeely: When did you start your audit?

Mr. Jim McCarter: We would have started our fieldwork probably in January 2011. I think I phoned Dr. Mazza in the late fall to give him the good news that the auditors were coming in. We had a lengthy chat over the phone, mostly talking about timing and what we would look at and that sort of thing. I think my field staff ended up getting in there in late December or early January, and we would have wrapped up our fieldwork towards the end of May. But as I've indicated previously, we did

have some difficulties getting information and documents. I can give you more chronology if you'd like.

Mr. Phil McNeely: When did you report to the government?

Mr. Jim McCarter: The way a value-for-money audit works is, we have an oral debriefing, and then we go to a draft report. We had an oral debriefing with Ornge and with the ministry in June, but there wouldn't have been anything that I would call a hard-copy document. We outlined some of the issues and the concerns, some of which we've discussed today, and then we provided Ornge and the ministry with a draft report in mid- to late December.

By way of background—I think the minister referred to the nine years I've been doing this—I've probably had about 135 value-for-money audits; this was the only audit out of 135 that we just could not get wrapped up in time to get into the annual report. We report all of our value-for-money work and all of our other work in one annual report. On this particular one, as the minister has indicated, we had difficulties getting reliable information. We decided that we could not make the translation deadline, which for us is basically late October, so at that point, quite frankly, we put it on the back burner for a few months while we got the rest of our stuff done. We ended up tabling it as a special report, as you know, Mr. McNeely, in March.

Mr. Phil McNeely: Did the minister help you get the information?

Mr. Jim McCarter: I think what I testified the last time, when Dr. Mazza was here, is that we eventually got most of the information, but it took an abnormally long length of time. We discussed with the ministry that we were having some issues in September, but we really felt it was our job to get the information and deal with Ornge. So it would be unfair to say we went to the ministry and they didn't do anything. We felt it was more an issue with us.

Our main issue in September with the draft report was saying to the ministry—and really, the issue has been raised where there were a lot of changes from the initial draft report to what you had in March. I'd have to say we did make some changes in wording, and we changed some of the facts. But the major issues that we had with respect to—we really felt the ministry needed to get more information to properly oversee Ornge. We indicated that part of that was due to the limitations of the performance agreement. But we also did say we think the ministry should be pushing harder in some of the areas to get more reliable information. But many of the areas that we kind of set out in September ended up in our final report in March, Mr. McNeely.

Mr. Phil McNeely: Thank you.

Minister, thank you very much for being here today. I know that you've put in a lot of work towards restoring confidence in Ontario's air ambulance system, and that includes—and we heard that from a critical care paramedic this morning—that included visiting, and this

was something that impressed him, up in Thunder Bay, I believe.

So you have gone to Ornge bases, and you've met the front-line staff. Can you tell this committee about what you have learned from Ornge's front-line staff?

Hon. Deborah Matthews: Well, first and foremost, I have learned that these are extraordinarily dedicated, highly skilled people. We are extremely blessed to have the front-line staff at Ornge that we have.

I talked to them about why they got into this field. I talked to them about the changes they were seeing at Ornge. I asked them for their advice on what more we needed to do.

I can tell you that some of our front-line paramedics and pilots and engineers and others have been very hurt by some of the allegations that have been made in the Legislature, in this committee, about their dedication and their professionalism.

These are extraordinary people, and we see them in action on the news from time to time. They go into situations that—I tell you, there aren't too many people I know who could do the work they do. These are very highly skilled, dedicated professionals. They want to do the very best they can for the patients they serve—and you heard Mr. Doneff this morning expressing that. He is driven by a desire to help people on the worst day of their life. That's what drives these people.

We have remarkable staff on the front lines, staff who were let down by the old leadership at Ornge. I can tell you, I heard many, many stories about how attempts to make things better were shut down. They weren't just ignored; they were actually threatened. I think you heard today about a threat to fire a whole base—to shut down a whole base. It was a management style that when I hear about it, I am embarrassed. I just find it beyond understanding why anyone would attack their own front-line staff the way that I heard Dr. Mazza do—I heard stories of Dr. Mazza doing that.

Mr. Phil McNeely: Just yesterday, everyone on this committee received a letter from a member of the front-line staff in Thunder Bay, Poul-Erik Binderup, who is a senior pilot for the fixed-wing operations. I would like to read part of this letter into the record. We'll table the entire document. It's here, Mr. Clerk, if people want it, for distribution.

The Chair (Mr. Norm Miller): Apparently it has been distributed already.

Mr. Phil McNeely: It has been distributed?

The Chair (Mr. Norm Miller): Yes.

Mr. Phil McNeely: So I'll just go and read that letter.

"My name is Poul-Erik Binderup and I am the senior pilot for the fixed-wing operations at Ornge Global Air. I am one of 45 professional pilots that serve the province of Ontario flying the Pilatus PC-12NG aircraft, and I am writing this letter in the hope that the voices of those professional men and women can be heard....

"The Honourable Deb Matthews's installation of Mr. Ron McKerlie as interim CEO, and the major corporate restructuring that followed, gave us a sense of hope that

we would be able to continue to serve the people of Ontario as medevac pilots....

"What we were not prepared for was the way the media and some members of the provincial government portrayed the operation and what we do. We were portrayed as a burden on the system, called a safety hazard, an accident waiting to happen. We have been misrepresented by the press, and have even been jeered publicly, and there have been many other derogatory statements made about the operation or the aircraft....

1110

"While this has been unsettling and frustrating to say the least, we were perhaps most unprepared for how some of our colleagues, paramedics and helicopter pilots, gathered and presented information that was biased or flawed with the seeming intent on shutting down the operation. Some of that information has been heard by the committee. I cannot state emphatically enough that these individuals do not speak for me or the fixed-wing pilot group, nor do they have our support....

"But the intent of this letter is not to dwell on the negative, unfounded opinions of a few misinformed individuals. To the contrary, we have been overwhelmed by the support we have received from individuals like the Honourable Deb Matthews and interim CEO Ron McKerlie. And I wish for the rest of the standing committee, and indeed the people of Ontario, to understand the pride that we take every day in serving as medevac pilots.

"We operate 24 hours a day, seven days a week, 365 days a year. The aircraft that we fly, the Pilatus PC-12NG, is one of the most state-of-the-art aircraft in its class. With this aircraft, we have more technology and safety features at our fingertips than many of the airliners in operation at the major airlines today. Our maintenance department is second to none, and keeps these aircraft in top condition....

"In closing, I want to reiterate that not only are we proud of the service we provide to the people of Ontario as medevac pilots, we are also proud to be a part of something special. Many of us have been with Ornge from the very beginning of the fixed-wing operation. We have had many challenges to overcome as a brand new air operator, and we have met every challenge head-on. We continue to grow in our operation and we all understand what it means to be a part of the solution, not a part of the problem. For this reason we stand behind people like Ms. Matthews who are committed to making a difference in the lives of Ontarians, not by shutting down Ornge, but by picking up the pieces, solving the problems and creating a world-class medevac operation that not only we the pilots can be proud of, but the people of Ontario can be proud of as well. Thank you for your time and consideration....

"Poul-Erik Binderup

"Ornge PC-12 captain"

Minister, I know that you have also spent some time at Ornge's head office. Can you tell this committee about

what you have discussed with the new leadership at Ornge?

Hon. Deborah Matthews: There's a very clear mandate with the new leadership and they are embracing that mandate. Number one, the issue of patient safety—that, first and foremost, was the issue that I wanted them to focus on immediately. They've made tremendous progress.

You've heard about the interiors of the aircraft. We had been assured that that was not a problem, that that problem had been rectified. Well, in fact, that was not the case, but I'm happy to report that the interiors are now—they're moving into the second phase of the appropriate configuration of the interior of those helicopters. I am delighted that Barry McLellan, who is the CEO at Sunnybrook hospital, a former chief coroner of the province of Ontario, a very highly respected individual, is leading up their quality-improvement work. So on the issue of patient safety, there is significant progress that is being made.

I also instructed them to wind down the for-profits, and that work is under way. Many have already been wound up and the others are in process. It is a complicated arrangement but they are making progress on winding down those for-profits.

I have learned about the commitment of those board members. I also had an opportunity to visit the communications centre where—I think all of us as MPPs learn more when you go and actually have a site visit. I was able to talk to those people who work in the communications centre, better understand how they triage patients, how they follow aircraft, how they ensure that people get the care they need as quickly as possible.

Air ambulance is a very complicated business because there are a lot of different components that need to be coordinated for the benefit of an individual patient at a specific moment. I was able to see, when I went to the Ornge head office, what happens in that communications centre. I was able to tour the building, and saw the extravagances of the previous leadership. But most importantly, I was able to meet with the board and get a report on how they are moving forward on the issues that had been raised.

Mr. Phil McNeely: Chair, how much more time have I got?

The Chair (Mr. Norm Miller): You have about 13 minutes.

Mr. Phil McNeely: Okay, thank you.

I would like to read into the record part of a letter from John Cunnane, the chief of Niagara EMS, to the interim CEO of Ornge, Ron McKerlie. I will table the entire letter to the committee. You already have a copy. I will just read parts of Mr. Cunnane's letter. This has to do with a very unfortunate accident at the Niagara Gorge—

Mr. Frank Klees: Chair—

The Chair (Mr. Norm Miller): If you could provide a copy, then, for the—

Mr. Phil McNeely: We have a copy here. Can I continue?

The Chair (Mr. Norm Miller): Yes.

Mr. Phil McNeely: This is on the scene of that accident.

"After an on-scene assessment ... and once our paramedic crew/s knew what they were faced with they requested air ambulance at approximately 18:11; after doing weather check air accepted with an ETA of 20 minutes. From 18:46 to 19:04 there was constant communication between our Niagara ambulance dispatch (NACS) and 799, and our ground ops supervisors to confirm a landing site. Together, 799, our ops supervisor and NACS coordinated an appropriate landing site at a nearby park, the flight medics were then transported by Niagara EMS to the scene at the top of the Niagara Gorge. On arrival at the scene the 799 medics received a scene and patient update and began interacting with other responders at the scene (NEMS, fire, Niagara Parks Police and NRPS) as well as one patient's family member to describe the plan for patient treatment and transport, and provided leadership on patient care from this point forward. Once the patient was extricated from the gorge, responders, under the direction of the flight crew, assisted the 799 medics in properly immobilizing the patient and moving him to our ambulance for transport to the landing site. According to my senior manager on-site this was a seamless and well-coordinated effort on the part of all responders, resulting in timely and effective care for the patient....

"I believe this is a classic example"—this is John Cunnane, chief, Niagara EMS—"of how an integrated land and air system should operate, in this case the patient received the very best care possible by all responding agencies."

Mrs. Liz Sandals: Chair, we'll save the rest of our round till next time.

The Chair (Mr. Norm Miller): Very well, in which case we will move on to the official opposition. Mr. Klees.

Mr. Frank Klees: Minister, I want to make it very clear that no one around this table or anyone in the Legislature has ever, over the last number of months since this Ornge issue became an issue, called into question the dedication of our front-line staff, be they paramedics or be they pilots. What we have called into question is your leadership and what is clearly the failed oversight of your ministry of our air ambulance service.

We've heard your excuses as to why you didn't intervene sooner. You tell us that you were not aware, that you were lied to, that you weren't given proper information. I'd like to ask you, with regard to a letter that you received dated May 4, 2011, from the Ontario Air Transport Association—members of the committee have copies of that letter—do you recall the letter I'm referring to?

Hon. Deborah Matthews: I am aware of it, yes.

Mr. Frank Klees: We can distribute this, Clerk, if you like.

In that letter, there was specific reference made to a number of concerns that the Ontario Air Transport Asso-

ciation raised, and they deal extensively with issues that relate to matters of patient care, conflicts of interest.

I'd like to ask you this question: Did you ever acknowledge that letter?

1120

Hon. Deborah Matthews: What I would like to do first is take issue with your first statement, Mr. Klees. I would like to read back to you some statements you have made that undermine confidence—

Mr. Frank Klees: This is not a debate. I'm asking—

Hon. Deborah Matthews: —undermine confidence in the front-line staff.

Mr. Frank Klees: I am asking you a specific question—

Hon. Deborah Matthews: You have made a statement, Mr. Klees, and it is—

Mr. Frank Klees: Chair?

The Chair (Mr. Norm Miller): Let's keep this civilised, please. So—

Mr. Frank Klees: We are asking the questions here, Minister—

The Chair (Mr. Norm Miller): And you may not like her answer, but we have to let her answer.

Mr. Frank Klees: Well, what we don't have to do, Chair, is allow the minister to deflect a very specific question about a very important stakeholder group.

I'm asking the minister very specifically, did you ever acknowledge the letter from the Ontario Air Transport Association? Yes or no?

The Chair (Mr. Norm Miller): And we'll let the minister answer.

Hon. Deborah Matthews: As you prefaced your question with a comment, I will preface my answer with a comment. You, Mr. Klees, have made some very damaging comments. Let me just refresh your memory.

"I would not want to be a pilot, I would not want to be a paramedic and I would not want to be a patient. Knowing the track record of these helicopters, I would take my chances getting from point A to point B with some other means."

You don't consider that to be an insult to the staff at Ornge who are responsible for the maintenance of those aircraft?

Mr. Frank Klees: No, I do not, Minister. What it is is an insult of the management and of your lack of oversight in ensuring that we have the proper equipment and the proper resources.

We heard from a paramedic just before you came here, who continues to tell us that they were desperate to be assured of proper resources. They were told that because of the lack of funding, a base was going to be cut down. That is the concern of front-line paramedics.

Now, if you're finished with your preamble, would you answer my question? Did you ever acknowledge the letter from the Ontario Air Transport Association or not?

Hon. Deborah Matthews: I would also like to remind you of the time—

Mr. Frank Klees: What are you hiding?

Hon. Deborah Matthews: I am hiding nothing.

Mr. David Zimmer: Chair, point of order, pursuant to standing order 23(k)—I'm entitled to make a point of order pursuant to a standing order.

The Chair (Mr. Norm Miller): Let the minister answer.

Mr. David Zimmer: No, Chair, I want to—

The Chair (Mr. Norm Miller): You don't have the floor.

Minister, please answer.

Interjection.

The Chair (Mr. Norm Miller): Minister.

Interjection.

The Chair (Mr. Norm Miller): Go ahead, Minister.

Hon. Deborah Matthews: Mr. Klees, you said on March 6, "An Ornge-contracted PC-12 medevac Pilatus fixed-wing aircraft crash-landed at the Timmins airport on January 13 of this year. The reason: Its single engine failed." Do you recall asking me that question?

Mr. Frank Klees: I do, indeed.

Hon. Deborah Matthews: Well, in fact, we now have the truth of what happened there. We have a letter that has been delivered to this committee stating that your comments completely misrepresent our operation, and especially the level of safety we work so hard to maintain.

The only point that I'm making is that you have heard from front-line staff who are doing their very, very best. Our job now is to make the kind of changes, continue to make the changes that we've been making, to ensure that patients get the best possible care. That goal is not supported by you continuing to make completely erroneous statements about the safety of care at Ornge.

So on behalf of the front-line staff, on behalf of the paramedics, the pilots, the doctors, the engineers, all of the people who work at the communications centre, all of the people at Ornge, 600 staff, would you stop running down the organization and start being part of the solution?

We are looking to this committee—I am hungry for this committee to finish its work, to write its report, to give me your recommendations on what we need to do to continue to strengthen air ambulance in this province. It is not supported—

Mr. Frank Klees: Well, Minister—

Hon. Deborah Matthews: —when you go off—

The Chair (Mr. Norm Miller): Go ahead with the question.

Mr. Frank Klees: Thank you. Finally.

Minister, let me give you that recommendation.

Hon. Deborah Matthews: I would like the recommendation of the committee. Your personal recommendations are interesting, but it is the committee's work that I am—

The Chair (Mr. Norm Miller): Minister, let him ask the questions.

Mr. Frank Klees: Because you know my recommendation would be, first of all, start with your resignation, put some qualified people into a management

position, so that we can restore confidence in our air ambulance service.

You didn't listen to stakeholders. I'll answer the question for you. The stakeholders said you didn't acknowledge that letter; you didn't acknowledge repeated calls from stakeholders. Why did you not, then, listen, at least, to your own ministry advice?

I'm going to distribute—Chair, if you would. There was an email that was distributed, and attached to it is a confidential advice to the minister. Once again, I'm going to ask you, when you see that document: Did you ever see this confidential advice to the minister?

Hon. Deborah Matthews: I'm sorry; what are you referring to here?

Mr. Frank Klees: I'm referring to an email that starts off from Malcolm Bates, who is a director of the emergency health services branch, to Joy Stevenson, at the Ministry of Health, asking her to arrange for an analysis of the consolidated statements of Ornge. Attached to it is the response, entitled Emergency Health Services Request Re: Ornge Financial Statements.

Mr. David Zimmer: Chair, it's a several-page document. Give the minister a chance to read over the email and the attached document—

Mr. Frank Klees: Chair, I'll gladly take the minister through this document, and Mr. Zimmer can watch.

This document, that's marked "Confidential Advice to Minister," was issued in response to an email from Malcolm Bates. Mr. Bates refers in his email to Patricia having requested the analysis. Who would that be?

Hon. Deborah Matthews: I suspect that would be Patricia Li.

Mr. Frank Klees: Did she ever discuss this document with you?

Hon. Deborah Matthews: I don't recall that, no.

Mr. Frank Klees: So apparently Ms. Li asked the Ministry of Finance to review the Ornge financial statements. The response was given in a confidential advice to the minister, and Ms. Li never shared that with the minister. Is that what you're telling me?

Hon. Deborah Matthews: I think I will take a minute to review—if it would be possible to come back to this, perhaps—

The Chair (Mr. Norm Miller): Yes. If you want to take a minute to look it over, go ahead.

Hon. Deborah Matthews: Thank you. I will need some advice. Perhaps—

Mr. David Zimmer: It's got detailed annotations from somebody on it, underlining—

Mr. Frank Klees: Those are mine. I'm sharing my document with you, Mr. Zimmer.

The Chair (Mr. Norm Miller): Minister, did you want your staff to look at it?

Hon. Deborah Matthews: I would like to give you an appropriate answer, and I will—

Mr. David Zimmer: I propose a recess—

Mr. Frank Klees: Let's have a recess. I don't want this to—

The Chair (Mr. Norm Miller): We'll have a five-minute recess for you—

Hon. Deborah Matthews: Sure. Thank you.

The Chair (Mr. Norm Miller): Okay.

The committee recessed from 1127 to 1133.

The Chair (Mr. Norm Miller): I'll call the committee back to order, then, and go to Mr. Klees. Minister, are you ready to answer, or do you need anything further from Mr. Klees?

Hon. Deborah Matthews: Sure, I'd be happy to.

First of all, this is a very complex document. I have not seen this document before. I do think that it is of a detailed nature, and I would need some advice—in fact, better to get the author of the document to testify as to what's in this document.

I know that Peter Wallace, who is a former Deputy Minister of Finance, did testify already and he has spoken to the issue of the bonds. I can read from Hansard. You have been through this territory before, but let's go there again.

On April 18, 2012, he—

Mr. Frank Klees: Chair, this is ridiculous.

The Chair (Mr. Norm Miller): Let the minister answer, and then you'll get a chance.

Hon. Deborah Matthews: Peter Wallace, when he was asked about exposure—and I assume that's what this is about, exposure of the taxpayer—he was clear that “bondholders do not have direct access back into the provincial credit.”

He said, “From a government of Ontario perspective, with respect, we were assured—we understand factually—that there is adequate insulation from the province's credit.”

Mr. Frank Klees: Speaker, given the minister's conduct here in wanting to simply chew away our time, I will change my format. I will simply make the points that I believe need to be on the record.

First of all, this is a “Confidential Advice to Minister” document. I find it passing strange and quite frightening, actually, that the minister would receive a document like this and wouldn't know of its existence. I question seriously—

Hon. Deborah Matthews: With respect, Mr. Klees, you have been a minister. You understand the protocols.

Mr. Frank Klees: Chair, with all respect—

The Chair (Mr. Norm Miller): Go ahead, Mr. Klees.

Mr. Frank Klees: The reality is that this document, which was presented to you—and if you didn't receive it, certainly it was presented to Ms. Li in July of last year.

The first item on this document refers to a loan receivable. This comes right out of the documents, the financial statements, of Ornge: “There is a loan receivable of \$4.3 million in 2010-11. This is a concern as Ornge is not in the business of advancing monies and, these are taxpayer dollars that have been lent. Are you aware of the details of the loan? Note 2 does not provide” any “information to properly assess the risk. We understand that a vendor provided seed money to Ornge to prepare the business plan for the new ... ventures.... We hope that this

is not linked to that transaction. If the transaction was with a related party, this would have needed to be included in the note disclosure.”

The next item, restricted cash: “This balance has declined”—this is restricted cash of Ornge—“significantly from the prior year (\$113 million down to \$11.8 million). Most of the balance was internally restricted funds in Ornge Issuer Trust related to acquisition of aircraft and infrastructure. Again this flags the issue of the province’s funds being used to secure assets. We need to ensure that we still have title to the assets in the event of financial issues with Ornge as we may need to step in to assume the debt if there were issues.”

The next item, capital assets: “The balance has significantly increased this year from \$94.6 million to \$264.4 million.” In part, this relates to the “sale and leaseback transaction on Ornge’s building. If this has occurred, then we need to ensure that the terms are at fair market value and that if the transaction was used to unlock value for the” new business venture, “that the value has not been transferred to other profit-oriented ventures within the Ornge group.”

Number 5, bonds payable: “The bond payable has increased from \$272.5 million to \$295.7 million. This is due to the issuance of a first mortgage series A bond on January 31, 2011, for ‘general corporate and investment purposes.’ We are concerned with the note disclosure which states: ‘The bond is secured by a first fixed and specific mortgage, pledge, charge, assignment and security interest in and to the organization’s corporate building, the related land and fixtures, and all benefits to be derived from these assets, including the lease of these assets.’ If legal services has not reviewed this bond, we recommend that they should....”

Next is revenue, in item number 7: “The ministry accounts for \$149.3 million of Ornge’s total revenue....” It goes on to say the transfer agency rules require that transfer partner recipients “deposit all funding from the province in an interest-bearing account and remit this money back to the consolidated revenue fund. If this is investment income, it should be reviewed to ensure it is compliant with the performance agreement” and the transfer partner agreement.

Number 9 refers to foreign exchange and derivatives. Referring to the bond, which was issued in US funds, which is against the performance agreement, “This is an issue fully discussed in the past ... initially unhedged bond and the risk that this had to Ornge and to the province in consuming expenses that could otherwise have been spent in Ornge’s core business”—a specific warning about that bond issue.

It goes on in number 10: “In 2010, nine entities were included in the audited financial statements: Ornge, Ornge Peel,” a numbered company, “Orngeco, Ornge Global R/E, Ornge Real Estate, Ornge Foundation, J Smarts, Ornge Issuer Trust. However, in 2011, only six entities are included....”

1140

Question 12: “There are significant commitments for principal payments on the bond and for lease commitments on the building, pursuant to the sale and leaseback....”

It goes on to refer to the fact that the province will be on the hook for the additional payments that are coming due. Here, in note 6 of this document—and I quote from the document that was sent to you, Minister, as confidential advice: “In particular, Ornge appears to have substantial principal payments on its loan(s) coming due in several years which could impact upon its financial status.”

Note 8 of the audited financial statements of Ornge discloses the principal payments on the bonds payable: in 2012—December of this year—an additional \$83,000, increasing next year to \$3,285,000; in 2014, increasing to \$6,764,000.

Minister, this is disclosure to you by your own ministry that Ornge is obligated, in addition to the interest payments on those bonds, to begin paying principal back. My question to you is this: Given the fact that Ornge has no income other than the transfer payments from the Ministry of Health of \$150 million, where are all of these payments coming from that Ornge is obligated to pay, if not from the province of Ontario? And if, as you say, you’re not on the hook for this, who is?

The Chair (Mr. Norm Miller): And you have seven minutes. You wanted to be told about your time.

Mr. Frank Klees: Thank you. I’ll pass for the next time, after the minister answers this question.

Hon. Deborah Matthews: Thank you.

The Chair (Mr. Norm Miller): Go ahead.

Hon. Deborah Matthews: What I can do is refer you back to the testimony of Peter Wallace, the then Deputy Minister of Finance, who made it—

Mr. Frank Klees: He did not answer any of these questions.

Hon. Deborah Matthews: He made it very clear that the taxpayers of Ontario are not on the hook.

Mr. Frank Klees: This document—

Hon. Deborah Matthews: This is a document that—

Mr. Frank Klees: This document belies that testimony.

Hon. Deborah Matthews: I heard a lot of “ifs” in there. This is a document dated June 2011. I obviously would be happy to take a further look at it and get an answer to you.

But I can tell you, Mr. Klees, you have many, many times made statements that, upon further examination, turned out to be simply not true.

Let me give you another example. You claimed that people were dying as a result of Ornge. Well, the chief coroner said—the chief coroner, and I take his word over yours, I’m afraid, on issues related to fatalities. The chief coroner said, “Of our completed investigations, there have been no cases”—

Mr. Frank Klees: Of the completed investigations.

Hon. Deborah Matthews: You claim people are dying. You do not have the qualifications to be a chief coroner. You do not—

Mr. Frank Klees: I suggest you don't either.

Hon. Deborah Matthews: I do not, but I rely on someone who does have those credentials, and the team of people. They do thorough investigations. You made allegations; they were not true allegations.

You claimed in question period on March 5, 2012, that the tail rotors fall off these helicopters. Well, in fact, we now know, because we always look into whatever allegations you make, that the memorandum that Mr. Klees was referring to did not apply to Ornge's helicopters. You have time and time—

Mr. Frank Klees: They were AW139s. Of course not. Minister, you can't be serious.

Hon. Deborah Matthews: Time and time again, you have made allegations that have turned out, after investigation—

Mr. Frank Klees: You can't be serious.

Hon. Deborah Matthews: —to be completely erroneous.

Mr. Frank Klees: You really think that excuses you.

Hon. Deborah Matthews: So I fully expected that you would drop something today.

Mr. Frank Klees: Unbelievable.

Hon. Deborah Matthews: I will undertake to investigate here, Speaker.

Interjections.

The Chair (Mr. Norm Miller): I'm going to have some order in this committee, please—

Mr. Frank Klees: Unbelievable.

The Chair (Mr. Norm Miller): —just so I can hear the answer of the minister.

Continue, Minister.

Interjections.

The Chair (Mr. Norm Miller): Okay, we'll move on to the NDP, then. Go ahead. Ms. Gélinas? Mr. Singh.

Mr. Jagmeet Singh: Thank you very much. Minister, you indicated, when I asked you the question regarding your tenure from October 2009 to October 2011—you indicated a number of things that you didn't know, that Ornge hadn't told you. I accept that there are certain things that Ornge didn't tell you, but there are certain things you did know that you didn't mention.

You did know that in 2009, Dr. Mazza's salary was off of the sunshine list; you were aware of that. Your ministry was also briefed that the changes—that the ministry did not have any issue with—would allow his salary to come off. The structure changes that allowed his salary to not be disclosed were disclosed to you, that there would be certain changes. That, you were aware of.

You were also aware of, in 2010, an audit—the audit was conducted previously, the results of which were released in November 2010. That audit released a number of recommendations. Those were also given to you, in addition to our prior comments regarding the questions asked in estimates and the freedom-of-information requests. You had all of that from October 2009 to October

2011, yet you didn't take any action with respect to any of those items, and you were tacitly agreeing without saying anything in opposition to those.

Hon. Deborah Matthews: I just want to correct your characterization of the—I think you're talking about the MNP report.

Mr. Jagmeet Singh: Right.

Hon. Deborah Matthews: The report states that, overall, "our review indicated that Ornge is using provincial grant funding economically, efficiently and for the purposes intended in providing air ambulance and related services" for the province. I can tell you that this report was handed over to the Auditor General to provide whatever information it might to the work in his office. So this report did give us this confidence. We later found out that further digging would have resulted in perhaps a different outcome.

M^{me} France Gélinas: Just to keep to what Mr. Klees was saying, there are now millions of precious health care dollars that have been wasted at Ornge. We now have news reports claiming that AgustaWestland wants to recoup \$1.8 million from Ornge. Minister, will the taxpayers be on the hook for this? And if not the taxpayers, who will pay?

Hon. Deborah Matthews: What I can tell you is that my understanding is that that is of a company that has now gone bankrupt, so one of the for-profit entities that no longer exists. I can tell you that is not of concern to taxpayers.

M^{me} France Gélinas: All right.

The Auditor General made five recommendations; all recommendations required actions from your ministry. He said there were some problems at Ornge but he also pointed to huge problems within your ministry. I want you to tell us: Do you acknowledge that by failing to conduct proper oversight, by failing to listen to whistleblowers that tried to blow the whistle, by failing to act on some of the recommendations from the audit and basically by taking the word of Mr. Apps, the president of the federal Liberal Party, you are, if not completely, in part responsible for the scandal at Ornge?

Hon. Deborah Matthews: What I can tell you is that as soon as I became aware of problems I took decisive and immediate action. When the Auditor General told me he was having trouble getting information—the same story that my ministry officials were telling me. When I called Chris Mazza—but he didn't come—into my office for a conversation about, "You need to be accountable. You need to answer questions of the Auditor General. The Auditor General is not getting answers to questions he's asking?" They needed to release that information. They subsequently started to release some of it. It was the issue around salaries that was just outrageous that triggered the forensic audit, that has triggered an OPP investigation.

It is very clear that the leadership at Ornge hid information from us, fudged information, did not provide us with the information we needed. It's also very clear, and the Auditor General has pointed out, that the information

that we were mandated to receive through the performance agreement simply was not adequate.

So now it's time. We are making appropriate changes, and it is time that we pass Bill 50 because we must entrench further oversight into legislation, we must protect whistle-blowers in legislation, we must give the minister the power to appoint a supervisor in legislation. So I look forward to the advice this committee can offer in order to strengthen air ambulance service. That's what this is all about. We have a collective duty to the patients of Ontario.

The Chair (Mr. Norm Miller): If you're done with your answer, we'll move to the government.

Mrs. Liz Sandals: How much time do I have left, Chair?

The Chair (Mr. Norm Miller): Nine minutes.

Mrs. Liz Sandals: Thank you very much.

First of all, if we could just clarify this document. First of all, Minister, for the benefit of everybody who isn't yourself, a minister, or Mr. Klees, who is a past minister, does every document that says "Confidential Advice to Minister" end up on the minister's desk?

1150

Hon. Deborah Matthews: No, it does not.

Mrs. Liz Sandals: So when one asks the question, "Did you receive this document?", just because it says "Confidential Advice to Minister," that is not necessarily related to, did you actually see it?

Hon. Deborah Matthews: Absolutely. And any past minister or current minister would know that.

Mrs. Liz Sandals: Exactly. In fact, even parliamentary assistants have generally figured it out.

This particular document, going back to the exchange that we had earlier with the auditor, is a request from Ministry of Health staff at the end of June. So this may have been a follow-up to the preliminary verbal conversation—

The Chair (Mr. Norm Miller): Excuse me, I just want to interrupt for a second and ask the cameras to give a bit of space to the—please.

Mrs. Liz Sandals: In response to that, the Ministry of Health staff asked the Ministry of Finance staff to provide some financial analysis based on the consolidated statements, which would be information that the Ministry of Finance would be responsible for preparing. On July 22, that analysis was returned. That document is what has been tabled, and all the people who are copied on the returned document and have this document distributed to them are in fact all bureaucrats. None of them are political staffers. None of them are you. They're all bureaucrats. They're all ministry staff.

Did any of the people who had a copy of this document ever share it with you?

Hon. Deborah Matthews: No, they did not.

Mrs. Liz Sandals: So while it may contain interesting information, and I think it is worth a read, it's not information of which you were aware in the summer of 2011.

Hon. Deborah Matthews: That is absolutely correct. I have not seen that document before it was provided to me just a few minutes ago.

Mrs. Liz Sandals: Thank you. Now, if we could just follow up on Madame Gélinas's question. She referenced the recommendations that were eventually made by the Auditor General. Could you give us an indication of what has already been done in response to those recommendations by the AG?

Hon. Deborah Matthews: I would be very pleased to do that. I think it's important that this committee knows that significant action has been taken. In fact, we estimate we're about halfway there in implementing the recommendations from the auditor. We're on track to have all recommendations fully implemented by the fall of 2013.

Recommendation number 1: The auditor recommended that we review whether the amount the ministry pays for air ambulance is reasonable for the level of service provided by renegotiating the performance agreement to provide direct access to Ornge's affiliated organizations; evaluating the cost and delivery compared to previous years; establishing additional performance indicators with more frequent and more informative reports on the extent to which performance expectations are being met.

I'm very happy to report on the progress on that recommendation. We do have a new performance agreement. You've heard about that. It requires approval for changes to the corporate structure and requires compliance with the Broader Public Sector Accountability Act and the Public Sector Salary Disclosure Act. So we have fixed that problem. We will now have full reporting of compensation for those at Ornge.

The second: An interjurisdictional scan examining provision of air ambulance services across Ontario is currently under way. It is on track to be completed by the end of this year.

Under the new PA, Ornge is required to report to the ministry on a number of key performance indicators, according to a pre-set timeline. This is also on track to be completed by the end of this calendar year.

Recommendation number 2: The auditor recommended that we conduct a formal program evaluation of critical care land ambulance that would assess total demand; assess capacity at the municipal land ambulances instead of having Ornge do it; and comparing the cost of different service options.

I can tell you that that is currently under way. It is including an assessment of need for inter-facility patient transfers. The review is to be completed in this fiscal year, with implementation of the review's findings in 2013-14.

Recommendation number 3: changes to ensure patients' needs are met in the most cost-efficient manner. I can tell you the progress on that recommendation.

Ornge is now better tracking how often hospital staff must accompany a patient because appropriately trained paramedics are not available. We are also beginning to review the reasons for flight cancellations after takeoff.

The ministry and Ornge are reviewing the feasibility of linking the land and air ambulance dispatch systems. Ornge is also undertaking the substantive work of ensuring the most appropriate aircraft are routed to pick up and deliver patients requiring transport.

Recommendation number 4: to enable air ambulance response times to be assessed against performance standards and for reasonableness, including the tracking of key times in the call-handling process, while expanding the provisions in the performance agreement requirements to include indicators on response times for the key stages of a patient transport, from the time a call is received, to the time when Ornge is on site, to the time the patient reaches his or her destination.

I'm very pleased to report that the amended performance agreement requires Ornge to report on key reaction and response time indicators; that Ornge is undertaking system upgrades to meet this enhanced reporting requirement; that Ornge is undertaking a review and developing a plan to ensure all times in the call-handling process are properly recorded.

Recommendation number 5, the final recommendation: that the ministry should conduct unannounced service reviews of Ornge; that Ornge should identify systemic issues from improved complaint tracking; and Ornge should review its quality assessment evaluation measures to ensure they reflect key elements of good patient care—again, significant progress.

Ornge has established an operations quality committee to evaluate and address quality assessment evaluation measures, and they're developing a quality improvement plan like our hospitals do. The ministry continues to conduct regular unannounced service reviews. Ornge is using an improved complaints tracking system to identify any systemic issues. The ministry's investigation unit has reviewed what complaints, incidents and resulting investigations at Ornge should be forwarded to the ministry and has worked with Ornge, including providing training to designated staff to ensure the reporting requirements on incidents are clear.

You can see from this that we took the Auditor General's report very, very seriously. We are implementing every single one of the recommendations. I want to supplement that with the findings of this committee. You have had a very thorough focus on this issue of Ornge. You have heard from, I think, 54 witnesses—hours and hours of testimony. You will have very good advice for us, and I'm very much looking forward to receiving that advice so we can integrate that into the strengthening of Ornge.

As I say, Ontario patients are counting on us to do what's right. None of us ever want to be a patient, but, I tell you, if ever someone we love needs an air ambulance, we have a collective responsibility to ensure that it's as good as it can be. That work is under way, and I look forward to the results of this committee.

The Chair (Mr. Norm Miller): Thank you. We're out of time there. We have five minutes left for Mr. Klees.

Mr. Frank Klees: Thank you, Mr. Chair. Point number 13, the final point on that document, Minister, that I handed you, that you've never seen, that six of your bureaucrats, including your assistant deputy minister Ms. Li, saw and failed to bring to your attention, is this: If "Ornge is unsuccessful and the ministry may have increased expenditures with limited value having been extracted and may need to pay twice for the same assets—by being morally if not legally obligated to assume liabilities. These are both significant risks and Ornge should obtain advice from legal services on this."

Apparently, you neither saw this, it wasn't brought to your attention and neither did you get the legal advice, and that's why we're in the mess that we're in today.

My advice to you: Those six bureaucrats who failed to bring such sensitive information and high-risk information to your attention should be given their walking papers.

I'd also suggest to you that you should be very careful when you talk about how co-operative you and your ministry have been. I have here a stack of freedom-of-information requests that were submitted to your ministry in February of this year. We have yet to hear from them; what we did get has most of the information redacted. I would ask you, and I'll leave this with you, if you would at least undertake to ensure that we get all of this information.

Given the fact that we're running out of time—we did have three hours scheduled for Chris Mazza, who has refused to appear—given the fact that we have so much information and have yet to get to the bottom of your contradictions, I'm asking you now: Will you agree to come and testify in that period of time that we had set aside for Mr. Mazza so that we can continue to pursue this with you?

Finally, I will say this to you, Minister: You asked for our advice. For someone who it took two years and six months to get any information about a situation that was brewing under your watch and not to have sufficient initiative to ensure that you get the information that you need, not to pick up the phone and call a man who was responsible for overseeing 150 million of taxpayers' dollars and not making it your business—notwithstanding what a performance agreement said or didn't say—and do what you did in December, as you testified, that you picked up the phone, that you took the initiative, regardless of what was in the performance agreement, and you said, "I want that information," you failed miserably in exercising your oversight responsibility.

You said you believe the Auditor General, and we did too, and you know what he said. The Auditor General made it very clear: You and your ministry failed in your oversight responsibilities of Ornge. That is in his report. Those are his words, not mine.

Based on that and based on the fact that you continue to deny any responsibility, continue to lay off all kinds of excuses on people within your ministry, Mazza and the board of directors, I'm suggesting to you: The honour-

able thing for you to do is to admit your failure and offer to step aside as Minister of Health.

Hon. Deborah Matthews: Was there a question there? I'm not sure there was. But I would like to say: If you want to do the honourable thing, Mr. Klees, you will stop running down the front-line staff at Ornge. You have repeatedly made allegations that, upon further reflection, turned out to be erroneous. That is having a negative impact on the front-line staff. We've heard—

Mr. Frank Klees: Will you agree to come back in Mr. Mazza's place to testify?

Hon. Deborah Matthews: I said earlier that I will happily come back. We will work out the schedules—

Mr. Frank Klees: Then we will schedule you in Dr. Mazza's place. Is that an agreement?

Hon. Deborah Matthews: I don't know when Dr. Mazza was scheduled.

Mr. Frank Klees: Dr. Mazza was scheduled to be here on Thursday—

Hon. Deborah Matthews: What I say: There's a process—

Interjection.

Mr. Frank Klees: —on Wednesday, tomorrow.

Interjection.

Hon. Deborah Matthews: There's a process by which we schedule these things—

Mr. Frank Klees: We'll accommodate.

Hon. Deborah Matthews: I told you I will come back. I can't right now commit to those specific times, but of course I will. I said that before. I stand by that. I'd be more than happy to come back—

Interjection.

Mr. Frank Klees: I would think this would be a priority.

Hon. Deborah Matthews: —but what I do—

Interjections.

The Chair (Mr. Norm Miller): On that note, we are out of time. I would thank the minister for coming before the committee this morning.

We are recessed until this afternoon at 1 o'clock.

The committee recessed from 1204 to 1301.

The Chair (Mr. Norm Miller): Okay, I'd like to call this committee to order for this afternoon's proceedings.

Just as we start, I would like to clarify that Dr. Chris Mazza was invited to come before the committee this afternoon from 4:30 until 7. Just to clarify: It is not that he has refused to come before the committee. He has a letter from his doctor, citing a lack of fitness to attend the hearing. I just wanted to clarify that point.

Mr. Frank Klees: Chair?

The Chair (Mr. Norm Miller): Yes, Mr. Klees.

Mr. Frank Klees: If I might: My understanding is that we had scheduled three days. We have the ability—I realize it's short notice today. We have Mr. Beltzner coming tomorrow. We have a last day of hearings scheduled, authorized by the Legislature. The minister did say that she would agree to come back. I would ask that we direct the clerk to invite her to come during that slot on Thursday afternoon from 4 to 7.

Mrs. Liz Sandals: But we agreed that France has a flight to catch at 4:30.

M^{me} France Gélinas: I think if it's between getting the minister again or getting a flight, I'll get the minister.

The Chair (Mr. Norm Miller): Okay. Very good. We'll see about that invitation. We'll put the invitation forward.

MS. RHODA BEECHER

The Chair (Mr. Norm Miller): Our first person for this afternoon is Rhoda Beecher. If I could ask you to come forward, please. Just to confirm that you've received the letter for a witness coming before the committee?

Ms. Rhoda Beecher: I have.

The Chair (Mr. Norm Miller): Very well. Also, are you going to swear an affirmation, then?

Ms. Rhoda Beecher: Yes, please.

The Clerk of the Committee (Mr. William Short): Ms. Beecher, do you solemnly affirm that the evidence you shall give to this committee touching the subject of the present inquiry shall be the truth, the whole truth and nothing but the truth?

Ms. Rhoda Beecher: I do.

The Clerk of the Committee (Mr. William Short): Thank you.

The Chair (Mr. Norm Miller): Who is that that you have with you?

Ms. Beth Symes: I'm Beth Symes. I'm counsel to Ms. Beecher.

The Chair (Mr. Norm Miller): Very well. And it's time for the government to go first, so who would like to go? Mr. Zimmer.

Mr. David Zimmer: Yes, thank you.

The Chair (Mr. Norm Miller): Sorry. Did you want to make an opening statement?

Ms. Rhoda Beecher: No, I don't. That's fine. Thank you.

The Chair (Mr. Norm Miller): Okay, then we'll go to Mr. Zimmer, and we'll go in 20-minute rotations.

Mr. David Zimmer: Twenty minutes? Thank you, Chair. I don't expect I'll use the 20 minutes.

Ms. Beecher, my information is that you are a human resources professional.

Ms. Rhoda Beecher: Correct.

Mr. David Zimmer: I have your resumé. You've been doing HR work since the early 1980s, I guess?

Ms. Rhoda Beecher: Correct.

Mr. David Zimmer: Could you just briefly walk me through the highlights of your career, the four or five different positions that you've had.

Ms. Rhoda Beecher: Certainly. I started at Toronto Hydro in—the early 1970s?

Mr. David Zimmer: I don't need it detailed—just so I get a quick overview.

Ms. Rhoda Beecher: Okay—many years ago—and worked in a bargaining unit position at Hydro for the first

number of years. I was the first woman to work a shift job at Toronto Hydro.

I was then promoted through to the human resources department. I worked in the human resources department as a generalist, and then worked my way up eventually to the director of the department and then to the vice-president of human resources at Toronto Hydro, responsible for, effectively, labour relations and industrial relations. I did all the bargaining for the CUPE local on management's behalf. I dealt with labour relations grievances, those kinds of things. I was heavily involved in the municipal integration of utilities.

At that time, the Centre—

Mr. David Zimmer: I just need the positions, not the—

Ms. Rhoda Beecher: Okay, the Centre for Addiction and Mental Health: I was recruited to be the vice-president of human resources there as well. I was there for about 10 years doing more or less the same thing. I then left the Centre for Addiction and Mental Health and opened a small consulting business and have been doing that since.

Mr. David Zimmer: When did you first enter into a relationship with Ornge or any of the Ornge entities?

Ms. Rhoda Beecher: It was Ontario Air Ambulance at the time, and it was in early 2006.

Mr. David Zimmer: What were your duties at the air ambulance?

Ms. Rhoda Beecher: I was a part-time consultant. I worked three days a week to assist in the human resources department.

Mr. David Zimmer: When did you then become associated with Ornge?

Ms. Rhoda Beecher: When it became Ornge. I stayed, as a consultant, with Ontario Air Ambulance as it moved to Ornge.

Mr. David Zimmer: That was the Ornge not-for-profit?

Ms. Rhoda Beecher: Correct.

Mr. David Zimmer: Then I understand at some point you moved from the Ornge not-for-profit to the other Ornge for-profit entities.

Ms. Rhoda Beecher: Correct. Late in 2011 or mid-2011, when Ornge Global was created, I was moved to Ornge Global.

Mr. David Zimmer: Who moved you to Ornge Global?

Ms. Rhoda Beecher: Dr. Mazza.

Mr. David Zimmer: When did you first meet Dr. Mazza?

Ms. Rhoda Beecher: About six weeks after I started at Ontario Air Ambulance. I did not have an opportunity to meet him for the first almost two months; he was away. I met him shortly thereafter at a Toronto hospital where he was working an emergency shift. He asked me to meet him there. That was the first time.

Mr. David Zimmer: Is it fair to say that Dr. Mazza was instrumental in your joining the Ornge organization and then eventually the Ornge for-profits?

Ms. Rhoda Beecher: Yes.

Mr. David Zimmer: What was Dr. Mazza's salary when you first got to know him at Ornge? That is the Ornge not-for-profit.

Ms. Rhoda Beecher: As I recall, somewhere in the \$200,000 range—between \$200,000 and \$300,000.

Mr. David Zimmer: Then when you moved over to the Ornge for-profits, were you aware that Dr. Mazza's salary was considerably higher, something in the order of \$1.4 million?

Ms. Rhoda Beecher: Not at that point, no.

Mr. David Zimmer: When did you become aware that Dr. Mazza's salary was in the order of \$1.4 million?

Ms. Rhoda Beecher: In December 2011, when the Ministry of Health required the salaries, the list was put together of all of Dr. Mazza's financial receivings. That's the first time I saw it together as the total amount of money.

Mr. David Zimmer: Just so I understand the sequence: When Dr. Mazza was at Ornge not-for-profit, his salary was in the order a few hundred thousand dollars.

Ms. Rhoda Beecher: Correct.

Mr. David Zimmer: Dr. Mazza moved over, or his salary did, to Ornge for-profit. Did you move over to Ornge for-profit at about the same time?

Ms. Rhoda Beecher: I believe so.

Mr. David Zimmer: Why did you move from Ornge not-for-profit to Ornge for-profit?

Ms. Rhoda Beecher: I wasn't given a choice; I was moved. Dr. Mazza moved those people he wanted to move.

Mr. David Zimmer: Did you report directly to Dr. Mazza?

Ms. Rhoda Beecher: No, I did not.

Mr. David Zimmer: Who did you report to?

Ms. Rhoda Beecher: Maria Renzella.

Mr. David Zimmer: And she reported directly to Dr. Mazza, I understand.

Ms. Rhoda Beecher: Correct.

Mr. David Zimmer: Did you have any role in the discussions or the strategies or the decisions about whether Dr. Mazza, after he moved from Ornge not-for-profit to Ornge for-profit, should or should not—or whether there was an obligation of any sort to—report his salary?

Ms. Rhoda Beecher: No, I was not part of the discussions. I was told by Ms. Renzella that there was a legal opinion that said we did not have to report. On that basis, I then gave the instructions to remove from the sunshine list all of those people who we no longer had to report.

1310

Mr. David Zimmer: Did you agree with that legal opinion, given your background of 25 years as an HR person in government or quasi-government organizations?

Ms. Rhoda Beecher: I wasn't asked my opinion. If I would have been asked, I would have said no, it was not a good idea.

Mr. David Zimmer: That remains your opinion today?

Ms. Rhoda Beecher: Yes.

Mr. David Zimmer: Why would that have been your opinion at the time and why does it remain your opinion today?

Ms. Rhoda Beecher: Because the intent is for public disclosure, and I think that any entity that receives government funding has an obligation to that public disclosure as long as that law is there.

Mr. David Zimmer: Did you make your concerns or objections known at the time?

Ms. Rhoda Beecher: I did raise it with Ms. Renzella.

Mr. David Zimmer: And how did you raise it with her?

Ms. Rhoda Beecher: In discussion.

The Chair (Mr. Norm Miller): Mr. Zimmer, do you mind pulling the mike up a little, please?

Mr. David Zimmer: Oh, I'm sorry. And how did you raise it with her?

Ms. Rhoda Beecher: In discussion.

Mr. David Zimmer: Did you raise it in the nature of a concern or an objection or a caution?

Ms. Rhoda Beecher: No, just a concern. Yes, a concern.

Mr. David Zimmer: You worked with Dr. Mazza for a few years.

Ms. Rhoda Beecher: Yes.

Mr. David Zimmer: You must have formed an opinion of his management style.

Ms. Rhoda Beecher: Yes.

Mr. David Zimmer: How would you characterize his management personality style.

Ms. Rhoda Beecher: Dr. Mazza is a brilliant visionary. He is incredibly passionate, committed and energetic. He just moves very, very quickly. He also is exceedingly compassionate. If an employee at any level in the organization was ill or had a family member that was ill, he would never hesitate to pick up a phone and say, "Do you understand what's going on? Can I help to explain it?"

He also had, however, the ability to explode, and he did explode on occasion to rank-and-file staff, to front-line staff, to management staff, to senior staff. A lot of my job—and the other senior executives—was to pick up the pieces after that event, or in fact, in my case, to try to mitigate that at the front end, to be proactive. So if I knew he was going somewhere where in fact he might lose his temper, I would run him first through a process of, "What are you going to say? How are you going to say it?"—those kinds of counselling, if you will, to try to mitigate some of that.

Mr. David Zimmer: And that's based on your 25 years as an HR professional?

Ms. Rhoda Beecher: Exactly.

Mr. David Zimmer: Tom Lepine was a colleague of yours at the time?

Ms. Rhoda Beecher: He was.

Mr. David Zimmer: And what was his office position?

Ms. Rhoda Beecher: He was the chief operating officer of Ornge.

Mr. David Zimmer: So Tom Lepine said in his evidence before this committee some weeks ago, and I'm quoting from Hansard, "Other people within the organization felt that they were eligible for promotion prior to her,"—he's referring to Kelly Long—"so it created a great deal of tension and angst within the organization"—that is referencing her hire. Do you agree with that statement?

Ms. Rhoda Beecher: I think there was a fair bit of angst in the organization, yes.

Mr. David Zimmer: Over her hiring?

Ms. Rhoda Beecher: Over her promotion.

Mr. David Zimmer: And also aspects of her relationship with Dr. Mazza?

Ms. Rhoda Beecher: Once that relationship was known, yes.

Mr. David Zimmer: Mr. Lepine went on to say, "I think Kelly"—again, referring to Long—"had more of a direct route into his office than any of the other executives. In other words, if anybody said something contrary to what Kelly believed, chances are, you wouldn't be with Ornge for very long." Would you agree with that statement?

Ms. Rhoda Beecher: No, I don't. I was the person, unfortunately, who did almost all of the terminations at Ornge over the period of time. No one was ever terminated because Ms. Long didn't like them.

Mr. David Zimmer: Did you have to intervene from time to time with Dr. Mazza, as you said, in your attempt to be proactive to soothe his relationship with employees at Ornge?

Ms. Rhoda Beecher: Yes.

Mr. David Zimmer: And I appreciate your reference to trying to be proactive and head off a crisis or an uncomfortable situation or whatever.

In that regard, what is your view of the propriety of Dr. Mazza, first, arranging for a consulting firm, Pathway—you know that—to take Ms. Long on as a consultant and have Mazza, in effect, pay her salary in the amount of \$58,000 by paying consulting fees in that amount, and subsequently, Dr. Mazza, after some six months or the better part of a year, formally moving Ms. Long over to Ornge as a vice-president of communications, given that they had a personal relationship?

Ms. Rhoda Beecher: If I could put it into a context for you: I was asked, along with Steve Farquhar of operations, to interview a Pathway employee to come and do some health care stakeholder work at Ornge. I was told by Dr. Mazza that this was a family friend. Mr. Farquhar and I went and we met with her. This was not an in-depth interview because she was working for another entity. We felt that she was bright, eager to learn; came back and said that as far as we were concerned, she was working for Pathway, that was fine. I was not aware, until this series of hearings, that Pathway was not paying her salary. I didn't know that.

Once in the organization, she, a period of time later—and I can't tell exactly how long but certainly at least about six to eight months—applied as an external candi-

date for a posted vacancy. I believe that that was a stakeholder relations person. It was not a director or a—just a stakeholder person job. She went through the normal recruitment process as an external candidate—would have competed against anybody else who would have applied as an external candidate, and then she was successful on that position.

Mr. David Zimmer: But you did know at the time that it was a family friend of Dr. Mazza because Dr. Mazza put the plug in, put the word in for her.

Ms. Rhoda Beecher: Correct.

Mr. David Zimmer: When did you find out that they had a personal relationship?

Ms. Rhoda Beecher: About two years later Dr. Mazza told me that he had separated, and that he and Ms. Long had started a personal relationship.

Mr. David Zimmer: Rainer Beltzner, who was the chair of the board—his daughter, Carrie Anne, was taken on by Ornge to work with Ms. Long to do a marketing services agreement.

Ms. Rhoda Beecher: Actually, her first position was an administrative position, I believe, in operations.

Mr. David Zimmer: At Ornge.

Ms. Rhoda Beecher: At Ornge.

Mr. David Zimmer: And did you know that she was the daughter of the chairman of the board?

Ms. Rhoda Beecher: I was asked by Dr. Mazza to interview a young woman that he knew for an entry-level administrative position, if and when they became available. That was not unique. I was asked often to just have a chat with people who might be interested in coming in.

I interviewed Carrie Anne Brunet. She was exceedingly bright, very articulate, and I felt a good candidate for Ornge, if there were a vacancy. I told Dr. Mazza that. Subsequent to that, she did apply, again, as an external candidate for a position, and she got that position.

Mr. David Zimmer: What did you think of the propriety thus far? First, we have Dr. Mazza's family friend, later personal relationship person, joining Ornge; when she moved over to Ornge the salary was \$120,000. And then we have Dr. Mazza, who put the word in on behalf of the chair of the board to hire his daughter to do the infamous marketing services agreement, along with Ms. Long. Did you start to think this was a touch of nepotism here?

1320

Ms. Rhoda Beecher: I did not know that Carrie Anne was Mr. Beltzner's daughter until after she had been hired.

Mr. David Zimmer: And how did you find that out?

Ms. Rhoda Beecher: Dr. Mazza told me. After she was several months in, he did tell me that she was Mr. Beltzner's daughter.

Mr. David Zimmer: Were you surprised that you hadn't been told before?

Ms. Rhoda Beecher: No.

Mr. David Zimmer: Did it strike you as odd now that we have the CEO's friend—girlfriend—working there, and we have the daughter of the chair of the board

working there, and they're both working on the marketing services agreement?

Ms. Rhoda Beecher: Neither at that time. When they came in to the organization, they were not working on the marketing agreement. There was no Ornge Global at that time. They both came in to Ornge—the public entity—through a process that human resources had, that defined a very tight process for selection of the best candidate. They both went through that process.

Mr. David Zimmer: So you know about the marketing services agreement—

The Chair (Mr. Norm Miller): And you have about three minutes.

Mr. David Zimmer: Okay. I understand that, at some point, your daughter joined Ornge.

Ms. Rhoda Beecher: Correct.

Mr. David Zimmer: When did your daughter join Ornge?

Ms. Rhoda Beecher: My daughter applied for a vacancy for the base manager in London about—I think it was in 2010.

Mr. David Zimmer: Anyway, she was hired.

Ms. Rhoda Beecher: She went through the same process. I had nothing to do with that.

Mr. David Zimmer: But she was hired.

Ms. Rhoda Beecher: She was, yes.

Mr. David Zimmer: Have a look at this from a third party view, outside the organization. We have an organization that now hires the CEO's girlfriend to do a major project, that hires the daughter of the chairman of the board to work on that major project, for which there are millions of dollars paid for the marketing services agreement, although it's unclear whether they had the skill set to do that. You're the director, or the head, of HR. The final piece is that the daughter of the person in charge of HR ends up with a job at Ornge also. Would you not agree that, for a reasonable person from the outside, that looks a bit like some pretty heavy-duty nepotism? The senior managers—the CEO, the chair of the board, the vice-president of HR for Ornge—have all got their girlfriends or children working there, at a publicly funded organization.

Ms. Rhoda Beecher: These young women went through a process of selection for those vacancies. They were successful on those vacancies. There is a rigorous process for that selection, and they were successful.

It is not unique at Ornge for people who work there to bring family and friends as potential applicants. It in fact was encouraged.

Mr. David Zimmer: Well, perhaps that was one of the problems at Ornge.

The Chair (Mr. Norm Miller): We'll move to the opposition. Mr. Klees.

Mr. Frank Klees: Did I hear you correctly, that you were hired by Dr. Mazza to the Ontario air ambulance service? Is that right?

Ms. Rhoda Beecher: I'm sorry, Mr. Klees. I can't hear you.

Mr. Frank Klees: Do I understand correctly that you were hired by Dr. Mazza into the Ontario air ambulance service? Is that correct?

Ms. Rhoda Beecher: I was hired as a consultant by Dr. Mazza, yes.

Mr. Frank Klees: By Dr. Mazza. As a consultant, what was the nature of your contract? Was it annually renewable? Was it a competitive contract? Was it put out to public tender? Can you tell us about that?

Ms. Rhoda Beecher: It was not put out to public tender. It was renewable yearly. It was a personal services contract that allowed me to service other clients as well. I had, when I left CAMH, established a consulting business, so the intent of coming to Ornge on a consulting basis was to be able to continue to service those clients. The nature of the contract allowed for that, as long as there was no conflict of interest, and with Dr. Mazza's approval. The contract would be renewed on a yearly basis.

Mr. Frank Klees: How many years was it renewed?

Ms. Rhoda Beecher: I was there—so it would have been renewed—six years.

Mr. Frank Klees: Six times. And at any point in time was that contract put out for public tender?

Ms. Rhoda Beecher: No, it was not.

Mr. Frank Klees: Was there a procurement policy at Ornge for consulting contracts like this?

Ms. Rhoda Beecher: Yes, there was.

Mr. Frank Klees: And did that procurement policy require public tender?

Ms. Rhoda Beecher: For certain contracts, yes, it did. I'm not exactly sure of what the requirements are.

Mr. Frank Klees: Why was yours excluded from public tendering?

Ms. Rhoda Beecher: I don't know.

Mr. Frank Klees: Did you have anything to do with that?

Ms. Rhoda Beecher: No.

Mr. Frank Klees: So who made the decision that your contract would be renewed?

Ms. Rhoda Beecher: Dr. Mazza.

Mr. Frank Klees: And how would he handle that?

Ms. Rhoda Beecher: He would give me a new contract.

Mr. Frank Klees: Did you ever question, as the head of HR, the person I understand from others was totally responsible for employment contracts and signed off on all of those contracts—I understand your signature—

Ms. Rhoda Beecher: Correct.

Mr. Frank Klees: —is on all of those employment contracts. As the individual entrusted with that responsibility, did it ever cross your mind that perhaps there should be an open process and that even your contract should be put up in a transparent way for tendering?

Ms. Rhoda Beecher: No, it didn't.

Mr. Frank Klees: Why?

Ms. Rhoda Beecher: It never occurred to me. It just didn't.

Mr. Frank Klees: Your first contract: How much were you getting paid under that contract?

Ms. Rhoda Beecher: I was invoicing \$22,540 a month.

Mr. Frank Klees: And for those of us who don't have a calculator, that translates into how much a year?

Ms. Rhoda Beecher: I don't have a calculator either. It's \$270,480.

Mr. Frank Klees: And six years later, what was the value of your consulting agreement on an annual basis?

Ms. Rhoda Beecher: Well, okay, I invoiced, monthly, for \$26,000—\$265,000.

Mr. Frank Klees: Were there any additional benefits that you received in addition to your consulting agreement?

Ms. Rhoda Beecher: I received no benefits. I did receive a contingency fee based on performance.

Mr. Frank Klees: And how much would that amount to?

Ms. Rhoda Beecher: In the first contract, it was \$58,800. In the second contract, from April 2008 until January 2012, it was \$30,900.

Mr. Frank Klees: So your total compensation in the last year, which would have been last year—

Ms. Rhoda Beecher: Yes.

Mr. Frank Klees: —including, all in—what would your reportable earnings have been?

Ms. Rhoda Beecher: I don't know the total amount. I'm sorry; I have—

Mr. Frank Klees: What did you file for taxes last year?

Ms. Rhoda Beecher: Well, I have a consulting business, so I file business taxes. I would think it's around \$320,000; something to that effect.

Mr. Frank Klees: Let me rephrase this. I understand you have a business, and you bill through that.

Ms. Rhoda Beecher: Correct.

Mr. Frank Klees: What was your gross revenue in your consulting business last year that you reported?

Ms. Rhoda Beecher: I don't know. I don't have the figures.

Mr. Frank Klees: Ms. Beecher, I have a hard time believing that.

Ms. Rhoda Beecher: I understand that, but I don't have the figures.

Mr. Frank Klees: Did you pay your taxes last year?

Ms. Rhoda Beecher: Yes.

Mr. Frank Klees: You have no idea what you reported by way of gross revenue—

Ms. Rhoda Beecher: Not in gross, no.

Mr. Frank Klees: Okay. This is not helpful.

Ms. Rhoda Beecher: I'm sorry.

Mr. Frank Klees: You know, we come up against this quite often. Whenever there are sensitive questions that we ask, there is this selective memory loss, and it must have been something in the water at Ornge because it's quite consistent. It starts with the CEO and flows down through the board. And now we have you. Can

your counsel help you with the answer? You have documents in front of you. You must have prepared.

Ms. Rhoda Beecher: I do, but I don't have the annual gross. I have the yearly, I have what I earned when I came to Ornge and what I was invoicing.

Mr. Frank Klees: Okay. I'd like to ask you about how terminations were handled at Ornge. I understand that you were the one tasked with the responsibility of drafting the termination agreements, making recommendations in terms of what the termination settlements should be. Is that right?

1330

Ms. Rhoda Beecher: With advice from counsel, yes.

Mr. Frank Klees: Right. Can you give us a sense, in the time that you were responsible for that, of how many employees were terminated from Ornge? It doesn't have to be exact.

Ms. Rhoda Beecher: There were a lot. Prior to the last round, where all of the Ornge Global people were terminated, and that was about 40, there were probably 40 in the six years that I was there.

Mr. Frank Klees: Forty? And these would have been relatively senior people, I'm assuming.

Ms. Rhoda Beecher: No, that was 40 across the board. We had bargaining unit employees as well, and we had mid-level employees, but across the board.

Mr. Frank Klees: Can you give me an idea of what the total severance payments would have been, that the taxpayers had to foot the bill for, for those 40 employees?

Ms. Rhoda Beecher: No, I can't, but I do know that that was accounted for separately, so it should be available to you.

Mr. Frank Klees: Can you give us just a guesstimate?

Ms. Rhoda Beecher: I couldn't, because each one was different. I had bargaining unit employees who would receive, with the agreement of the union, \$50,000, and I had senior executives who went with a year's salary.

Mr. Frank Klees: I understand that those settlements were quite rich—

Ms. Rhoda Beecher: Yes.

Mr. Frank Klees: —and amounted into the hundreds of thousands of dollars, for which obviously taxpayers received no benefit. Clearly, those severance payments were being made out of cash flow that came from the Ministry of Health into Ornge that was intended for front-line emergency ambulance service. Is that right?

Ms. Rhoda Beecher: Correct.

Mr. Frank Klees: There were no other sources of income for Ornge, were there?

Ms. Rhoda Beecher: Correct.

Mr. Frank Klees: This morning, we had an interesting presentation from a paramedic from the London base. I shared with him a set of minutes from a meeting that took place at the London base. Attending that meeting were Tom Lepine and yourself.

Ms. Rhoda Beecher: Yes.

Mr. Frank Klees: Who else from the base?

Ms. Rhoda Beecher: From management, the manager of the base; that was Hallie McClelland.

Mr. Frank Klees: Right.

Ms. Rhoda Beecher: Tom and I came from head office, and we had someone from communications who did the minutes. I'm not 100% sure who it was, but we always had someone from the communications department to do the minutes.

Mr. Frank Klees: Who is Hallie McClelland?

Ms. Rhoda Beecher: Hallie McClelland was the manager and is my daughter.

Mr. Frank Klees: How long had she been with Ornge before she was appointed—was it manager of that London base?

Ms. Rhoda Beecher: She wasn't—

Mr. Frank Klees: What was her title there?

Ms. Rhoda Beecher: She was the manager, base operations, for London, and she applied as an external candidate for that position. She was not with Ornge prior to that.

Mr. Frank Klees: What experience did she have in managing an air ambulance hospital base at the time?

Ms. Rhoda Beecher: I was not part of that selection committee, as I have said. At that time, however, generally, for managers of the bases, we were looking for leadership ability, for ability to be advocates for our paramedics and our front-line staff. We were not necessarily looking for either paramedic experience or for experience in an EMS service. So if you look across the bases over the period of time, you will see that there are some where their paramedics, in fact, did become the managers; in some cases, they did not.

Mr. Frank Klees: You heard from Mr. Brandon Doneff this morning that one of the consternations that paramedics and pilots alike had when they were introduced to managers, who were going to now look after their bases—first of all, they didn't recognize them. They were very concerned when they realized that these people had no experience in operating an air ambulance base. I would be interested to know, as the director of human relations, how one could possibly put a search together for the manager of an air ambulance base without having a key component of the qualifications being previous experience. How did that come about?

Ms. Rhoda Beecher: The experience that we had had with paramedic managers—that's to say, we had paramedics who were excellent paramedics, who then applied for and became managers—was not a stellar experience, which is one of the reasons we began a leadership academy, to try to teach our front-line staff and/or emergent leaders around leadership. The issue for us was, how do you run a base as a leader? How are you an advocate for those paramedics? How can you help them get what they need in an expedient way? How can you support them? Not necessarily we had many people in operations who could deal with both the clinical side of the issue—and we had physicians who could deal with the medical.

Mr. Frank Klees: Ms. Beecher, you will forgive me, will you, if, for just a second, I will be speechless at that response, because something as important as managing an air ambulance base surely is not an entry-level posi-

tion for someone who wants to practise leadership or motivation.

I'm going to ask you this question: Do you think it would be possible, if there was a public posting for the position of manager of an air ambulance base, that you would have a number of applicants, who may not be paramedics, who may not be pilots, because they may not want to be managers—but certainly people who have an experience in managing an air ambulance base?

Ms. Rhoda Beecher: I think Mr. Doneff said it this morning, that there had been one full year with no base manager. We had looked unbelievably hard across the province for a base manager for London.

Mr. Frank Klees: And during that same time, people from Ornge Global were flying around the world—to Brazil, to the Far East, to all kinds of places, to Miami—looking to open up new branches that had nothing to do with the core business of operating an air ambulance service in the province of Ontario. Is that right?

Ms. Rhoda Beecher: Correct.

Mr. Frank Klees: Correct. You know, I'd like to ask you another question, that deals with this for-profit side, which causes many of us a great deal of consternation about the siphoning-off of tax dollars. Were you ever a shareholder in any of those for-profit entities?

Ms. Rhoda Beecher: I believe that I was a shareholder in the Global piece. I believe there was an agreement. There was never any money in that shareholder agreement, and certainly none of the people who were in there ever received any money.

Mr. Frank Klees: So when you say you believe—you're the contract person at Ornge. Why would you just "believe"? You either were or you weren't. You must know—

Ms. Rhoda Beecher: My contract itself, in the last year, was with Ornge Global.

Mr. Frank Klees: Yes.

Ms. Rhoda Beecher: When Ornge Global was terminated, my contract terminated, so I actually was with Ornge Global at that time.

Mr. Frank Klees: My question was, were you a shareholder of Ornge Global?

Ms. Rhoda Beecher: Yes, I was—

Mr. Frank Klees: Yes, you were.

Ms. Rhoda Beecher: —in Global GP, one of the companies.

Mr. Frank Klees: And what did that company do?

Ms. Rhoda Beecher: Nothing.

Mr. Frank Klees: Okay. Why was it there, if it did nothing?

Ms. Rhoda Beecher: It had been set up along with a number of other companies. There were, I think, 17 in that structure, which was inordinately complicated and one that I didn't quite understand. But it was set up to ultimately—when the private sector side of the business began to earn money, it was set up to allow us to flow money back to the province of Ontario and for some shareholder money to stay with the shareholders.

We had been told over and over that the public money was staying on the public side, that there would be no flow of money from the Ontario side—so from the public entity, the \$150 million—to the private side of the business. We had been told that by Dr. Mazza, by Maria Renzella, by Tom Lepine. We clearly were told that there was a very clear dividing line—it was called North Korea and South Korea—and that there was no flow of money from the public to the private, but there ultimately would be money to flow from the private to the public. That never got started; there was never any money.

1340

The Chair (Mr. Norm Miller): You have three minutes left.

Mr. Frank Klees: Can I borrow five minutes from my next round, please?

The Chair (Mr. Norm Miller): Sure.

Mr. Frank Klees: So this entity of which you were a shareholder, you're telling me, is now dissolved?

Ms. Rhoda Beecher: Yes.

Mr. Frank Klees: Have you signed any documents to that effect, or do you have any evidence that that has been—

Ms. Rhoda Beecher: I have received trustee information, yes.

Mr. Frank Klees: And what did that trustee information tell you?

Ms. Rhoda Beecher: It said that the entity was bankrupt.

Mr. Frank Klees: And are there any claims against that entity?

Ms. Rhoda Beecher: Yes.

Mr. Frank Klees: How much in claims?

Ms. Rhoda Beecher: I don't know. I have no idea how much I have a claim in—

Mr. Frank Klees: That would have been in the trustee information.

Ms. Rhoda Beecher: No. I have no idea how much—what the claims are in total.

Mr. Frank Klees: Do you know who is claiming against the company?

Ms. Rhoda Beecher: No.

Mr. Frank Klees: You're a party to—you're a shareholder.

Ms. Rhoda Beecher: I'm a claimant.

Mr. Frank Klees: You're a claimant as well?

Ms. Rhoda Beecher: Correct.

Mr. Frank Klees: And how much are you claiming?

Ms. Rhoda Beecher: It's \$50,000.

Mr. Frank Klees: And that is for what?

Ms. Rhoda Beecher: For my contract, which was terminated without fulfilling its obligation.

Mr. Frank Klees: Who do you think is going to pay that, by the way, if you've got a claim? There's no revenue. You've got a \$50,000 claim against a bankrupt company. Where's that money coming from, in your mind?

Ms. Rhoda Beecher: I expect not to get it.

Mr. Frank Klees: I see. When you put the claim in, you must have—you went through an exercise in futility.

Ms. Rhoda Beecher: Actually, yes. I knew I wasn't going to get it.

Mr. Frank Klees: Okay. In your opinion, the termination that was given to you by Ornge—let me put it this way: When you were terminated, what were you told? What was the reason for the termination?

Ms. Rhoda Beecher: I was told that the contract with Global—Mr. McKerlie was the person who told me. He said that the my contract was with Global, it had been assigned to Global, and that given that Global was going out of business, my contract would terminate. He then asked me to stay on to do transition work on a separate contract with the new entity, Ornge, which I did.

Mr. Frank Klees: And how much were you paid under that separate—

Ms. Rhoda Beecher: It was \$2,500 a day.

Mr. Frank Klees: It was \$2,500 a day.

Ms. Rhoda Beecher: Yes.

Mr. Frank Klees: And your role for that—what were you doing?

Ms. Rhoda Beecher: Transition work to help transition to the new team.

Mr. Frank Klees: And what are you doing today?

Ms. Rhoda Beecher: I'm doing consulting work.

Mr. Frank Klees: What type of consulting work are you—

Ms. Rhoda Beecher: I'm doing a lot of Bill 168, bullying investigations, harassment investigations, compensations, all those kinds of—

Mr. Frank Klees: And your billings for that work are what?

Ms. Rhoda Beecher: To date?

Mr. Frank Klees: Yes, on a daily basis. You mentioned that you were getting paid \$2,500 a day.

Ms. Rhoda Beecher: It will depend. It runs from \$2,500 to \$3,500. If it's a not-for-profit, it's less.

Mr. Frank Klees: Okay. I'd like to just finish up with one other question here. When you hired your daughter—because it would have been you who hired her—

Ms. Rhoda Beecher: I did not hire my daughter.

Mr. Frank Klees: Okay. When your daughter was hired, who hired her?

Ms. Rhoda Beecher: It was the operations department that hired her. I believe the director of operations did the interview. At that time, it would have been Randy L'Heureux, who would have taken it through to Steve Farquhar and Tom Lepine.

Mr. Frank Klees: Was that a public posting?

Ms. Rhoda Beecher: Yes, absolutely.

Mr. Frank Klees: How many applicants were there?

Ms. Rhoda Beecher: It had been a year, and we reposted it. I have no idea. I was not involved in that opportunity at all. Once I knew that she was going to be involved, I was not involved at all. I have no idea who applied, but there are records for every posted vacancy at Ornge.

Mr. Frank Klees: Is she still there?

Ms. Rhoda Beecher: No.

Mr. Frank Klees: Did she leave of her own accord?

Ms. Rhoda Beecher: No. When the foundation ceased to exist—at that time she was executive director of the foundation—her job ceased to exist, so she was let go as well.

Mr. Frank Klees: Okay. And where is she working now?

Ms. Rhoda Beecher: She's back in the fundraising department.

Mr. Frank Klees: With what organization?

Ms. Rhoda Beecher: With the York School.

Mr. Frank Klees: Okay. Have you ever made donations to the Liberal Party?

Ms. Rhoda Beecher: Yes.

Mr. Frank Klees: And do you consider yourself—are you a member of the Liberal Party?

Ms. Rhoda Beecher: Absolutely not. I have also made donations to the Progressive Conservative Party and to the NDP.

Mr. Frank Klees: Which one of those do you feel better about?

Ms. Rhoda Beecher: None today; absolutely none.

Mr. Frank Klees: Thank you.

Ms. Rhoda Beecher: You're welcome.

The Chair (Mr. Norm Miller): We'll move to the NDP. Ms. Gélinas.

M^{me} France Gélinas: It is rather interesting that you made the switch from Ornge the not-for-profit to Ornge Global knowing full well that Ornge Global was a for-profit company. You explained to us that you know that the Ministry of Health was the only source of funding for Ornge, so where did you think your contract money was coming from?

Ms. Rhoda Beecher: In retrospect, I never even thought about it. We had been told that the public money was staying on the public side and that we were courting private investors and that we were looking for seed money to begin to look at the not-for-profit side. I know there were many meetings with the CEO and private investors, so my assumption at the time was that that was the seed money that was going to seed the private sector side and that that was paying my salary and everybody else who was on the Global side.

M^{me} France Gélinas: But there again, why would a private company offer HR services to a not-for-profit entity?

Ms. Rhoda Beecher: When we started to create Global, there was a fair hiring piece. We hired a marketing department; we hired sales people; we hired research people to work on offshore stuff. So a piece of the human resource time—not only mine—was charged back to Global. There was a fair bit of activity in the first six to eight months in the HR area on Global. There was a tremendous amount of research into the American laws: how you hire people there, what kind of benefits you have to pay, what the comparators are—those kinds of things. The HR group was, in fact, doing work for Global.

M^{me} France Gélinas: All right. But you were still doing work for the not-for-profit?

Ms. Rhoda Beecher: Correct.

M^{me} France Gélinas: Okay. So you had a three-day-a-week, \$576,600-a-year salary—I'm strong in math—to do work for the not-for-profit Ornge, but you worked for the for-profit. Even if part of it got charged back to Global because you did work for Global, the fact remains that here you are in a private entity providing HR services to a not-for-profit entity.

Ms. Rhoda Beecher: Correct. Just one clarification: At that point, I was not working three days a week; I was working five. But yes, I was. I was working for Ornge Global, and I was providing advice and services to Ornge Ontario.

M^{me} France Gélinas: Okay. But being paid by Ornge Global?

Ms. Rhoda Beecher: I was only paid by Ornge Global in the last six or seven months. My contract until then had been with Ornge. Then it changed. About six months before, I was told to change the contract to Ornge Global and that my invoices would be paid by Ornge Global.

M^{me} France Gélinas: So for the time before this, when Ornge Global was being set up, you would bill Ornge not-for-profit—

Ms. Rhoda Beecher: Correct.

M^{me} France Gélinas: —do work for Ornge Global, and then some money would—

Ms. Rhoda Beecher: Yes. I believe that there was a formula for chargebacks. I didn't know exactly what it was, but we were asked from time to time, probably on a quarterly basis, "How much time are you spending on Ornge and how much time are you spending on Ornge Global?" That was put into some kind of a formula that I never saw.

1350

M^{me} France Gélinas: Who asked you that?

Ms. Rhoda Beecher: Maria Renzella.

M^{me} France Gélinas: Maria asked you that, and she asked that of many other—

Ms. Rhoda Beecher: Yes.

M^{me} France Gélinas: Of everybody who worked, of the—you said there were 40 positions with Ornge Global?

Ms. Rhoda Beecher: At the end, there were probably 40, yes. In the end, when we terminated everybody, I think it was about 40. We had, by that time, salespeople, marketing people, research people.

M^{me} France Gélinas: So here we have a for-profit entity that really wants to leverage what Ornge has. You're setting up the full team—marketing and research—and getting ready to hire people. Did you hire people outside of Canada ever?

Ms. Rhoda Beecher: Yes, once.

M^{me} France Gélinas: Would you mind sharing who that was and what for?

Ms. Rhoda Beecher: We brought a VP of sales to Canada. He was a Canadian who had gone to California

to work for a company. He knew Dr. Mazza. We posted that position, he applied for it, and we did bring him back to Canada. We did not pay anything in terms of his transition, but he was leaving his job in California anyway. He came here, and then within maybe three or four months was terminated.

M^{me} France Gélinas: So all of those people really believed that they were working on basically taking what Ornge had developed here in Ontario and bringing this abroad, to bring money back to Ontario.

Ms. Rhoda Beecher: Absolutely.

M^{me} France Gélinas: But everybody knew that, so far, no money was coming in.

Ms. Rhoda Beecher: Yes.

M^{me} France Gélinas: So all of those 40 people, with half-a-million-dollars-a-year salaries, were being paid from what again?

Ms. Rhoda Beecher: I don't know. I don't know how they were being paid.

The assumption, because we had been told over and over again that no use of public money was ever going to be allowed in the private side, was that there were private investors who were giving seed money so that we could begin to run this entity.

M^{me} France Gélinas: And those private investors would have been the shareholders, or—

Ms. Rhoda Beecher: No, no. They were people who were interested in Ornge that Dr. Mazza had courted quite heavily to help fund the entity.

M^{me} France Gélinas: Mr. Klees mentioned that people were flying all over the place. You mentioned the Middle East, Brazil etc. You said "correct." Who do you know who did that, who went and represented Ornge abroad?

Ms. Rhoda Beecher: Luis Navas went to Brazil. Actually, I think the only person who represented Ornge, other than Dr. Mazza, on a global basis was Luis Navas. I think both Mr. Navas and Dr. Mazza would go to Brazil or to—they were in Florida a lot. They were in Nashville, Atlanta—those kinds of places.

M^{me} France Gélinas: How do you know that?

Ms. Rhoda Beecher: Because I was there when they were making arrangements to go. They would be talking about, "We're going to talk to this company in Nashville to see if we can do a partnership," or "We're going to Brazil to see if we can do the"—if you will—"Ornge in a box"—as Brandon spoke of this morning—"in Brazil." Those were very open discussions about looking for business offshore.

M^{me} France Gélinas: In your tasks for human resources—I read in your bio that you did do the bargaining for people who were under the collective agreement.

Ms. Rhoda Beecher: Correct.

M^{me} France Gélinas: A lot of people under the collective agreement were really unhappy with the turn of events that was happening. How did they report that to you, and what did you do with that information?

Ms. Rhoda Beecher: We had a labour management meeting. We had three agreements, actually, at that time.

There was an OPSEU agreement, there was a CAW agreement, and there was an OPEIU agreement. OPSEU covered the Ornge communications centre individuals, the CAW covered the medics, and the OPEIU covered the pilots. We would have regular labour-management meetings with both OPSEU and the CAW. We would have them at least on a quarterly basis and sometimes much more often than that.

The union made it very clear to me that they were exceedingly unhappy with a lot of things: the aircraft interiors, the single medic—all of the things that you have heard. In each and every case, I took that back to the operations department and had the discussion with them. Then, at the next meeting—and sometimes, if it was important enough, as it was with single medic, we would schedule a special meeting, and I would bring operations with me to have the discussion about that issue. I was the spokesperson, if you will, but the intermediary. I couldn't resolve the problem, but I certainly could ride on the back of operations to get it done.

M^{me} France Gélinas: All right. Did you feel that things were being done?

Ms. Rhoda Beecher: No.

M^{me} France Gélinas: Was it common at Ornge that serious problems would be brought to you, and nobody took action to resolve them?

Ms. Rhoda Beecher: It's difficult to say nobody did. In the case of the interiors of the aircraft, it's difficult—it's a time process; it takes time to fix it. It was not moving fast enough for the medics; there's no question. So we continued to say to operations and to the physicians, "You've got to put some intermediate steps in. You've got to do something on that basis."

It wasn't always; there were many times that we were able to resolve an issue very quickly. There were many times that we were able to listen and clear it up. But there were some major—the single medic was another one that went on and on and on.

There was no question: They told me. I know they've talked about not having conversations with other people, but individual medics would come and see me and talk about it. I would go out to the bases, and they would talk about it. And they would certainly bring it in in labour management. I brought it right to my colleagues. So we knew that there were problems.

M^{me} France Gélinas: The single medic: That got worse and worse. In what period of time would you say that those people started to come to your office and tell you—

Ms. Rhoda Beecher: About a year. We went to London in August, so it would have been the spring of 2011 that it was—it had always been an issue; there was always a single medic. But this issue became more of a problem, as I understand operations had changed some of the rules around launching or sick time.

M^{me} France Gélinas: Some of your colleagues at Ornge had quarterly meetings with the ministry. Were any of those problems ever shared?

Ms. Rhoda Beecher: I was not part of the ministry meetings. I never met a ministry person. I didn't go to any of those meetings. What I was asked for on a regular basis was information: How many medics do we have? Have we had any terminations? What's the status of numbers of people in particular bases? I don't know what was discussed at those meetings, but based on the information they were asking for, I do believe it was raised.

M^{me} France Gélinas: Okay, but you knew that those meetings were taking place—

Ms. Rhoda Beecher: Absolutely, because we would be asked for tonnes of information just before those meetings.

M^{me} France Gélinas: Okay. You are probably aware that the New Democrats filed a freedom of access of information to get salary information about Dr. Mazza. Did anybody from the ministry ever ask you about that freedom-of-access-of-information request?

Ms. Rhoda Beecher: I did not know there was a freedom of information until this process, and no one ever asked me, from the ministry or anywhere else, about Dr. Mazza's salary.

M^{me} France Gélinas: Would you have been able to figure it out, to put it together, if anybody had asked you?

Ms. Rhoda Beecher: I would have to put it together, but until December 2011, no one asked us—no one asked me directly to do that.

M^{me} France Gélinas: But if, two years ago, when we filed the freedom of access of information, had the government gone and asked you, you would have been able to put it together—

Ms. Rhoda Beecher: Absolutely.

M^{me} France Gélinas: —and share it with the ministry?

1400

Ms. Rhoda Beecher: Yes, absolutely.

M^{me} France Gélinas: Just nobody bothered to ask.

Ms. Rhoda Beecher: Right.

M^{me} France Gélinas: Okay. So now you have medics coming to you telling you, "Things are not good. Some of the policies internally have been changed and we have more and more single medics. We have the issue with the interior." Did you see it coming, that doom and gloom was about to happen here?

Ms. Rhoda Beecher: Yes.

M^{me} France Gélinas: When did you see it coming?

Ms. Rhoda Beecher: I guess when medics began to feel that they were not getting adequate responses from inside and started to go outside.

M^{me} France Gélinas: And when would you say that happened?

Ms. Rhoda Beecher: That was last spring as well, I would think—the spring/summerish of 2011.

M^{me} France Gélinas: From 2011, the alarm bells inside were loud enough that you could hear them?

Ms. Rhoda Beecher: Yes.

M^{me} France Gélinas: You knew that medics had started to go outside of the organization, saying that they were not happy?

Ms. Rhoda Beecher: Yes.

M^{me} France Gélinas: Did you share that information with anyone?

Ms. Rhoda Beecher: Yes, everyone.

M^{me} France Gélinas: All right. Could you name me a few and—

Ms. Rhoda Beecher: Oh, all—Dr. Mazza, Mr. Lepine, Ms. Renzella. We all—I don't think I was the only one, but I certainly made everyone aware of it. There was a great deal of discussion about what to do and what we should do and we shouldn't. The meeting that Brandon Doneff spoke of this morning was a result of that beginning—we had set up what we called an around-the-world tour, where we would go to all the bases and say, "What are your issues? Talk to us. Let us talk to you."

There were three that were done last spring. London was the one Brandon spoke of this morning. There was one done in Ottawa and then there was a third that I wasn't at in Toronto. They had started, if you will, the dialogue with Mr. Lepine as the COO of Ornge operations and the front-line staff.

M^{me} France Gélinas: So I'm guessing by then the pressure is mounting. We got the minutes of the meeting that was held in London. I'm guessing Ottawa and Toronto must have been very similar.

Ms. Rhoda Beecher: Absolutely.

M^{me} France Gélinas: The pressure is mounting. Was there a reaction from within to try to change the course and correct, or address the concerns?

Ms. Rhoda Beecher: I can't answer to the "change the course," because that would have been operations and, as best I understand, they didn't. I think there was a great deal of communication. I think there was a real sense that we weren't communicating, and so the intent was for Mr. Lepine to go out and tell people what we were doing and why were doing it.

M^{me} France Gélinas: What Mr.—I forgot his name now, from this morning—

Ms. Rhoda Beecher: Doneff.

M^{me} France Gélinas: What he told us was really that they were told things were like this because Ornge was out of money. Was that all that was communicated to them: "Things had to change because we're out of money"?

Ms. Rhoda Beecher: No. At that meeting, there were really three intents. One was to talk—we had been hearing a lot that nobody understood what Global was all about and there were all the rumours, so one of them was to go and talk about Global, what we were intending to do, why were intending to do it, and Mr. Lepine did that.

We then did a conversation about finances. In May and June of last year, across the board, not only in the operations department but across the board, there was a real sense of crisis around finances for Ornge. We were told to turn the lights down, we were told to reuse—I mean, there was a real sense that money was going to be an issue. So that became part of the conversation as well,

that yes, the system is not sustainable as it is and that we have some major financial issues.

The Chair (Mr. Norm Miller): And you have one minute left.

M^{me} France Gélinas: So you were going to sell "Ornge in a box." That was being described as a system that is not sustainable. A bit of a tough sell?

Ms. Rhoda Beecher: That's exactly what the medics were saying: "How can you be selling this if in fact we can't get it right here?"

M^{me} France Gélinas: And the answer to that was?

Ms. Rhoda Beecher: I don't think that there was an answer. I think we were saying we needed to do this so we could mitigate some of the financial need from the province. If we could bring money back into the province, we would be able to then fund Ornge.

M^{me} France Gélinas: I'll borrow a few minutes just to finish this. Now that you know that funds that were supposed to go to Ornge public were being used for Ornge Global, do you understand a little bit better why things were so tough on the Ornge public side?

Ms. Rhoda Beecher: If what you're telling me is that Ornge public money did flow to the private side, then yes, absolutely.

M^{me} France Gélinas: Yes, it did, and the Auditor General is there, if you have a doubt.

Ms. Rhoda Beecher: To the day that Global ceased to exist, I continued to believe what I was told, which was that there was absolutely no cross-funding.

M^{me} France Gélinas: Thank you.

The Chair (Mr. Norm Miller): Well, thank you, and we'll move to—

Interjection.

The Chair (Mr. Norm Miller): Sorry; the Auditor General would like to make a comment.

Mr. Jim McCarter: I would have to say we had no access whatsoever to the records on the for-profit side, so I can't really comment one way or the other as to, quite frankly, how they were funded. We just were not permitted access.

The Chair (Mr. Norm Miller): Very well. Mr. Zimmer.

Mr. David Zimmer: You were a member of the senior executive team, along with CEO Mazza and the chairman of the board, Beltzner. I want to come back to this business of the CEO's girlfriend, Beltzner's daughter and your daughter all ending up as employees. I tie that back to your remarks earlier in the afternoon, where you said you felt that one of your responsibilities was to be a proactive HR person and hit off issues that might cause problems later down the road and so on. It strikes me as passing strange that someone with almost 30 years of experience in very senior HR roles, with a stated ambition to be proactive, did not tweak to this idea that in a company that's depending on public dollars, no matter what the organization's structural chart is, there's something that is going to look odd here when the CEO, the chairman of the board and a senior member of the executive team responsible for hiring and firing—human

resources—all have their partner and/or daughters getting jobs at Ornge. Did that not strike you as odd?

Ms. Rhoda Beecher: Just to be clear, first of all, I was not part of an executive committee with Mr. Beltzner. He was the governance side of the house.

As I said, the organization encouraged family members and friends to be considered. That is what happened with those three young women. Clearly there's a law in the province around family status. Once you learn about a family status, in the case of Dr. Mazza, there is an Ontario human rights law that says neither person is going to be terminated. So that's the counsel that I gave him at the time when I found out, which was two years later, that in fact he had a relationship with Ms. Long.

Mr. David Zimmer: With respect to your own daughter, did you not think it was passing strange that the head of HR's daughter ends up with a good job, in addition to the daughter of the chair—

Ms. Rhoda Beecher: No, yes—it was not what I would have chosen.

Mr. David Zimmer: Why?

Ms. Rhoda Beecher: Because I didn't want my daughter to be working at the same place as I was working.

Mr. David Zimmer: Well, did you discourage her and say, "Don't take the job"?

Ms. Rhoda Beecher: Yes, I discouraged her. As you probably are aware, children don't necessarily listen to everything you say.

Mr. David Zimmer: Who was on the selection committee?

Ms. Rhoda Beecher: Randy L'Heureux; for operations, it may have been Steve Farquhar; and I don't know who else. I do know that Randy was involved as the director.

Mr. David Zimmer: But the people on the selection committee would ultimately report to you?

Ms. Rhoda Beecher: No. The selection committee in operations reported through to Tom Lepine. And there was a disclosure at the front end.

Mr. David Zimmer: And at the end of the day, you signed the contract to hire your daughter?

Ms. Rhoda Beecher: No, I did not. I would not have anything to do with that selection. Someone else in human resources signed it.

1410

Mr. David Zimmer: I got a tweet just now from somebody who has been watching and said this whole thing of the daughters of the HR vice-president and the chairman of the board, and the girlfriend of the CEO—they used the expression, "It just doesn't pass the smell test."

Ms. Rhoda Beecher: There were a lot of other family members in the organization. In one base of, I think, 20 paramedics, there were eight married couples. Again, in the organization, this was not unique. There were husbands and wives, many sisters and brothers, and there were cousins.

The Chair (Mr. Norm Miller): Mr. Zimmer, can you pull your microphone forward?

Mr. David Zimmer: Yes. Sorry, Chair.

So, the company that provided services to Ornge—Rhonda Beecher resource consulting ltd.—

Ms. Rhoda Beecher: Rhoda Beecher Human Resource Consulting Ltd.

Mr. David Zimmer: Yes. In answer to some questions that Mr. Klees raised, would you be prepared to file with this committee—and if you want, file it in camera—your personal tax returns for the last couple of years and the returns of your consulting company?

Ms. Rhoda Beecher: Absolutely.

Mr. David Zimmer: All right. Thank you. The clerk will be in touch with you on that.

The Chair (Mr. Norm Miller): You have three minutes.

Mr. David Zimmer: Yes. Just one second, Chair. I'm sorry; I missed your daughter's surname.

Ms. Rhoda Beecher: McClelland.

Mr. David Zimmer: How did she find out about the job at Ornge?

Ms. Rhoda Beecher: It was posted in the newspaper.

Mr. David Zimmer: Did you do anything to direct her to the posting?

Ms. Rhoda Beecher: No, I did not.

Mr. David Zimmer: You've said that you would have provided salary information and other information—the salary amounts—if you'd been asked by the ministry. If that's the case, that you would have provided it to the ministry, what was the problem that the auditor had in that he could not access any of that information? The only information that he could get was the total, the gross salary amount. The auditor made it quite clear he could not get anybody else's salary information. So I'm conflicted here. On the one hand, you said, "Well, I would have given it if asked." The auditor asked, and the ministry asked. The information on salaries only came out after there was a tough face-to-face meeting with the minister and the chair.

Ms. Rhoda Beecher: I was not asked. I was not part of the committee that dealt with the Auditor General's requests. I did dialogue some with the Auditor General's staff in terms of information that they wanted from me. It was not about salaries. It was about what was in the files and how things were done in HR. But I did not take part in that discussion. I was not part of it until mid-December, when the ministry made it clear that we would supply it, and Ms. Renzella was putting it together. That was the first time I saw it together.

The Chair (Mr. Norm Miller): The auditor would like to make a comment.

Mr. David Zimmer: Thank you, Chair.

Mr. Jim McCarter: In fairness, Mr. Zimmer, I should mention that Ms. Beecher is correct. Normally, you might say, as head of HR, that's who we would go to. It was made very clear to us: "You will deal with Ms. Renzella with respect to any salary requests." So we attempted to get the information, basically, through Maria

Renzella as opposed to Ms. Beecher. I just wanted to clarify that.

Mr. David Zimmer: Can I have a follow-up? Do I have a minute left?

The Chair (Mr. Norm Miller): Yes, you have time for another question.

Mr. David Zimmer: Okay, so, given what the auditor said, did you walk into Renzella's office and say, "Look, I'm telling you, as an HR person: Release the information. That's my advice as an HR professional."

Ms. Rhoda Beecher: Yes.

Mr. David Zimmer: "I'm the vice-president, and my advice is release the information and get on with it." Did you ever do that?

Ms. Rhoda Beecher: Yes.

Mr. David Zimmer: And what—

Ms. Rhoda Beecher: It obviously wasn't released.

Mr. David Zimmer: Thank you.

The Chair (Mr. Norm Miller): All done? Okay. We'll move on to Mr. Klees.

Mr. Frank Klees: Just for the record, when I questioned you about severance and so on, I too got a little tweet here from someone who apparently has some information. I'd like to know if you would dispute this: The number of employees terminated was 62, and the amount of severances was in excess of \$6 million.

Ms. Rhoda Beecher: I wouldn't be able to say yes or no, but if they've got it, they've got it. I didn't.

Mr. Frank Klees: Okay. It's a lot of public money going to pay people to leave.

Ms. Rhoda Beecher: Yes.

Mr. Frank Klees: I'd like to ask you about the AgustaWestland consulting agreement. When did you first become aware of that marketing agreement?

Ms. Rhoda Beecher: I became aware that there was a marketing agreement probably in the fall of 2011. I did not see the agreement; I still have not seen the agreement. But I heard there was a marketing agreement where we were going to provide assistance to AgustaWestland on their aircraft that we had just purchased. That was my involvement.

Mr. Frank Klees: Were you made aware of the value of that agreement?

Ms. Rhoda Beecher: No.

Mr. Frank Klees: Have you had any contact with AgustaWestland—

Ms. Rhoda Beecher: No.

Mr. Frank Klees: Never?

Ms. Rhoda Beecher: I had a dinner with all of the senior executives and AgustaWestland shortly after the purchase agreement was signed here in Toronto. Other than that, I have never met anybody from AgustaWestland or had any meetings with them.

Mr. Frank Klees: And can you tell us who from the government was at that dinner?

Ms. Rhoda Beecher: Nobody; no government person.

Mr. Frank Klees: No government person?

Ms. Rhoda Beecher: No.

Mr. Frank Klees: Okay. I'd like to just ask you about these MBA entitlements that we heard so much about.

Ms. Rhoda Beecher: Okay.

Mr. Frank Klees: Can you confirm that your daughter received funds from Ornge to enrol in an MBA program?

Ms. Rhoda Beecher: She did not.

Mr. Frank Klees: You were aware that former chairman Rainer Beltzner's daughter, Carrie Anne Brunet, did receive \$90,000 to study?

Ms. Rhoda Beecher: Yes.

Mr. Frank Klees: As the director of human resources, I'm imagining that you would have to sign off on that. Is that right?

Ms. Rhoda Beecher: Yes.

Mr. Frank Klees: What was your rationale? How did you justify signing off on that for someone who, frankly, did not have very much experience in that position? What justification did you have for that?

Ms. Rhoda Beecher: Ornge had established something called a leadership academy. There was concern from the board around succession. There was concern internally about our ability to promote people who had the experience we needed to be management people. So we established a leadership academy which was, in fact, a three-week course over the year. We had a faculty. We had people who taught about leadership style, your own style, how you deal with people and then how you deal with difficult decisions—over the period of a year.

Each department elected their emergent leaders; those people were approved to go to this in-house class. There were exams, there were projects and there was testing. At the end of that year, a hierarchy of people was established: those who were the top of the class and the bottom of the class. We would then take that to the executive team for agreement and then to Dr. Mazza for discussion.

In some cases, people were offered assistance in undergraduate. If they were top of that class and were considered to be an emergent leader, sometimes they were given the underwriting for the master's. We had one in education; we had one in aviation. It was not just the MBAs.

Mr. Frank Klees: So given the fact that at the same time there were financial stresses within this organization, so much so that a paramedic from London told us that at that meeting in London, they were told a base may have to close down because of a lack of funding, how did you justify spending \$90,000 to pay for an MBA for an emerging so-called leader? By the way, she's no longer there, right?

Ms. Rhoda Beecher: No, none of them are there. They're all terminated.

Mr. Frank Klees: So that \$90,000 really didn't do much to help the succession at Ornge, did it?

Ms. Rhoda Beecher: Just to be clear, each of those people who did get any kind of underwriting did sign an agreement to remain for five years, which is not unique in the business world. If they did leave before the five years, they would have to refund or the entity to which

they were going would have to refund the piece of that money. When we terminated those people—we terminated them, and, yes, you're right, that \$90,000 went. The—

Mr. Frank Klees: So when you terminated them, did you also cancel that requirement to pay back those funds?
1420

Ms. Rhoda Beecher: Yes.

Mr. Frank Klees: Why did that happen?

Ms. Rhoda Beecher: Because our understanding legally was that we were terminating them. As I understood the agreement, if they left voluntarily, they would be required to pay it back. If they were terminated, they did not.

Mr. Frank Klees: In retrospect, was that a good policy of Ornge, to spend those funds, given the fiscal circumstances of our air ambulance service?

Ms. Rhoda Beecher: We had two years where it seemed to be fine. In the final year, we did go to Dr. Mazza and say, "Do you want to do this again? Do you want to run the class again? Do you want to consider anybody for post-secondary education?" We were told—because we were concerned about spending the money on the individuals and on the classes. We were told that the money had been allocated and that we could go ahead and run it. We did check each time.

Mr. Frank Klees: And yet, while this was going on, the training for paramedics was going nowhere. We're told by paramedics that in all of those years, there were only three critical care paramedics that received training. Were you aware of this imbalance of allocation of resources, that these young people in the head office, who were brought with no world experience whatsoever into this organization, were being actually given priority over the front-line paramedics and pilots within this organization? Were you aware of that?

Ms. Rhoda Beecher: From my perspective, the paramedics were, in fact, receiving the training. It is mandated; they must.

Mr. Frank Klees: According to them, they weren't getting it.

Ms. Rhoda Beecher: They were getting the training. Was it quick enough for them? Was it efficient enough for them? Was it the kind of training they wanted? I would have to agree; they all said no. It wasn't fast enough; it wasn't what they wanted. But we ran both CCP and ACP courses each year that they were required.

The medics were never happy with the speed that we did it, but they, in fact, were run at the same time. The paramedic academy never suffered because there was funding that had been pre-allocated to the education.

The Chair (Mr. Norm Miller): Thank you, and if we can move to the NDP.

M^{me} France Gélinas: So what you're saying is that the paramedic academy was separate from the leadership academy.

Ms. Rhoda Beecher: Correct. The ATM, the Academy of Transport Medicine, had been running for a number of years where they trained paramedics from level to

level. That's the same entity that does their recertification training that Mr. Doneff was talking about this morning. So that continued all the way through.

M^{me} France Gélinas: Okay. But what Mr. Klees was talking about was for the leadership academy. Very few of them had access to that?

Ms. Rhoda Beecher: To be clear, the leadership academy did not include unionized people. In the last year, we set up a separate entity for unionized people and ran a modified leadership course only for unionized people. We had both pilots and paramedics in that class, and it was the same sort of leadership development class, but it was separate and distinct.

M^{me} France Gélinas: Do you remember what the salary scale was for paramedics, roughly?

Ms. Rhoda Beecher: I think a CCP, a critical care paramedic, was about—I know that a number of them are on the sunshine list with overtime, so I think it's close to \$100,000.

M^{me} France Gélinas: For critical care?

Ms. Rhoda Beecher: Correct. And then it would be a little less for advanced care, and, again, a little less for primary care, but I don't have the numbers.

M^{me} France Gélinas: All right. And would you have an idea what the salary scales were in the pilot collective agreement?

Ms. Rhoda Beecher: Well, it would depend. The fixed-wing pilots were running somewhere at \$60,000. The rotary-wing pilots, who are fairly unique and scarce, were higher. They were switching from CHL to us at the time that I left, and I actually don't know where that ended up. But they would be close to the \$100,000 as well, I would think.

Mr. Jagmeet Singh: Just some questions with respect to some of the positions. Luis Navas—were you aware of what his official position was at Ornge or at one of the entities?

Ms. Rhoda Beecher: Yes. My perspective is that Mr. Navas was the chief operating officer of Ornge Global.

Mr. Jagmeet Singh: Okay. And what do you base that on?

Ms. Rhoda Beecher: I helped, with an immigration lawyer, to get him to the United States, and that was the title on the visa application.

Mr. Jagmeet Singh: That's a really good answer.

Ms. Rhoda Beecher: Yes, I thought so.

Mr. Jagmeet Singh: Thank you. Just with respect to your earlier answer you provided, if you were asked directly, "Could you provide the salary for Dr. Mazza?"—and you indicated that you could do that—how would you piece that together, and what information would you be able to access?

Ms. Rhoda Beecher: I would have to actually sit down and take—it was made up of a number of pieces: base salary, performance pay, long-term incentive pay, clinical; he was a medical director, so that pay. It came through on various times. Each time it would have a minute from the board of directors. So it would say, "Pay Dr. Mazza X and say what it was for." So I would have

to have gone back over those, pulled them together, and then added it up. It was not brain surgery, but I would have had to have taken some time to do it.

Mr. Jagmeet Singh: And those various points, those minutes, which indicated, "Pay Dr. Mazza X salary," those were all kept in a record that you could access?

Ms. Rhoda Beecher: Absolutely. Every minute that came from the board was kept in a human resource file of his own, locked.

Mr. Jagmeet Singh: Okay.

M^{me} France Gélinas: And those minutes, were they from the board as a whole, or from a subcommittee that dealt with HR issues?

Ms. Rhoda Beecher: It depended. When it came to sort of yearly changes, it probably would come from the whole board as a board minute. Sometimes it would come from the compensation committee of the board. So it depended on the issue, but each one had a very distinct minute. It would come from the corporate secretary to me and it would be very clear.

M^{me} France Gélinas: So the corporate secretary was the person who took the board minutes and then actioned them off?

Ms. Rhoda Beecher: Correct.

M^{me} France Gélinas: And who was that?

Ms. Rhoda Beecher: Lynne Taylor.

M^{me} France Gélinas: Let's say we talk about the compensation subcommittee, I think you called it, or the—

Ms. Rhoda Beecher: Correct.

M^{me} France Gélinas: Would Dr. Mazza ever sit on those board meetings and those committee meetings? When you saw the minutes, could you see who attended?

Ms. Rhoda Beecher: I only got the minute that would be specific to me. So, no, I wouldn't see who the attendees were or what the discussion was. It would be very simply, "Please pay this much to X." So I don't know whether he was on it or not.

M^{me} France Gélinas: Did the recommendations or the decisions that were made by the compensation committee have to be approved by the board as a whole? Or sometimes would they come directly from the compensation committee of the board without the full board knowledge?

Ms. Rhoda Beecher: I'm not sure, but I believe that all of the compensation committee work went through the board ultimately.

M^{me} France Gélinas: It would have gone through the board ultimately.

Ms. Rhoda Beecher: I believe so.

M^{me} France Gélinas: But as you've just testified, sometimes you would get a motion coming from the compensation committee that had to do with the base salary, the performance pay, the long-term pay or the clinical directive?

Ms. Rhoda Beecher: Correct. It would be more about the sort of stipends, not the salary. It would be sort of, "Pay him X amount"—no, actually it would come from

the board. I may be incorrect in that it all came from the board.

M^{me} France Gélinas: Okay. When you talk about stipend, is this on top and above what made up his compensation?

Ms. Rhoda Beecher: No, but there were, as I said, a number of pieces. There was one year where there was an additional performance pay. There were a number of elements, if you will, to his overall salary.

M^{me} France Gélinas: Was that common to other people within the executive of Ornge, to have a compensation made out of the base salary, performance pay, long-term pay and—clinical director, I guess, only applies to people in the—

Ms. Rhoda Beecher: No. The rest of the senior team had base salary and performance pay—full stop.

1430

M^{me} France Gélinas: Okay. Were you aware that Dr. Mazza also had loans from his employer?

Ms. Rhoda Beecher: Yes, I was.

M^{me} France Gélinas: How did you become aware of that?

Ms. Rhoda Beecher: I received a minute, again, from the board on more than one occasion, so it wasn't all at once, that said, "Please arrange"—or—"The board approves a loan of X amount of dollars to Dr. Mazza."

M^{me} France Gélinas: Do you remember the first time you saw that?

Ms. Rhoda Beecher: No, I don't. They seemed to be within the last year.

The Chair (Mr. Norm Miller): And we are out of time.

M^{me} France Gélinas: Really?

The Chair (Mr. Norm Miller): Yes, we are.

Thank you very much for coming before the committee this afternoon.

Ms. Rhoda Beecher: Thank you.

MR. BRUCE WADE

The Chair (Mr. Norm Miller): Our next presenter is Mr. Bruce Wade. Would you like to come forward? Welcome, Mr. Wade, and just to confirm that you have received the letter for a witness appearing before the committee?

Mr. Bruce Wade: I did.

The Chair (Mr. Norm Miller): Very well. Would you like to do an oath or an affirmation?

Mr. Bruce Wade: I'll take an oath.

The Chair (Mr. Norm Miller): Very well. The clerk will have you swear an oath.

The Clerk of the Committee (Mr. William Short): There's a Bible in front of you. Mr. Wade, do you solemnly swear the evidence you shall give to this committee touching the subject of the present inquiry shall be the truth, the whole truth and nothing but the truth, so help you God?

Mr. Bruce Wade: I do.

The Clerk of the Committee (Mr. William Short): Thank you.

The Chair (Mr. Norm Miller): You have time for an opening statement, and then we'll go to questioning from the various parties.

Mr. Bruce Wade: First, before I begin my opening statement, I have to apologize. I'm under medication for a throat problem with an ENT right now, so if my voice fades in and out—I can barely speak. But I'm here.

Mr. Chair, members of the committee, thank you for your interest in the truth. My name, as you know, is Bruce Wade. When I was notified that I was called to testify, I emailed Ron McKerlie, CEO of Ornge, to inform him and see if he had objection. We had a very good phone call where he let me know he did not have objection.

Right from the start, I want you all to know I believe the rotor air ambulance can be fixed.

At this committee you've heard testimony about missing millions, multiple shell companies, hiring of persons into positions they were not qualified to hold, alleged kickbacks, alleged political interference and other nefarious dealings. You heard Mazza claim "black spots" in his memory when asked how a speedboat came to be purchased, yet go into incredible details about communications centre computer servers with less than 2% memory left.

You heard straight from Mazza himself that, in his words, he always did what was in the best interests of Ornge. That statement alone, in my opinion, shows he and his sycophant executives—

The Chair (Mr. Norm Miller): Excuse me, could you just pull that mike down a little closer there? That's great.

Mr. Bruce Wade: —that he and his executives were not working for the best interests of patients and taxpayers. Thankfully, they're gone.

Across our system we rejoiced when the auditor delved further into Ornge. It was then we thought reasonable people would step in and stop all helicopter pilot and engineer transfers into Ornge once it became evident just how bad things really were.

Many of us read the Auditor General's report and understood the serious content. I'd like to personally thank our auditor for the excellent work that he and his dedicated staff did in their audit of Ornge while under Mazza's reign. I don't see him in the room, unfortunately, but I'd also like to thank him for clearly reporting the management culture of fear and intimidation that was rampant in the Ornge system.

To give the committee a sense of the front-line reality, I want to quote some of my colleagues. From a medic: "Give 'em hell at the committee about Thunder Bay. We in northwestern Ontario are tired of being treated like the red-headed stepchild."

From a helicopter pilot: "Rotary-wing aircraft service communities that do not have airports, backcountry bush, highway accidents, plane crashes and all locations in between—places no plane can service. We respond to

every possible type of medical emergency that can come up. In my 20-plus years as an EMS pilot in Ontario, I can assure you that we have saved lives and reduced a lot of suffering. This is what the public expects of us and counts on us to do when called upon. When we do not have paramedics, we cannot do our job. If you didn't have any house fires, would you remove the firemen from the fire trucks?"

From a medic: "We have more staff we don't need, more complaints of managerial incompetence and malevolence, and less ability to tell others what is going on. We have a management structure blaming us for the fiscal woes of a company, a company that couriered apples across the province for PR campaigns."

From a helicopter engineer: "This whole system is beyond ridiculous."

From a pilot and medic during lunch one day—when I say pilot, I'm referring to rotary side: "If he didn't waste \$600,000 on MBAs for his friends, we'd have more trained medics to properly crew our Thunder Bay helicopter."

From another helicopter pilot: "I used to be proud of what I did flying medevac, now I don't tell anyone."

Mr. Chair, honourable members of the committee, I'm not here as a disgraced former executive of Ornge or a recipient of one of their MBAs or a public servant called upon to offer insight from their perspective or a high-priced lawyer who worked for Ornge, nor any other person who has lined their pockets at the expense of the air ambulance system. I'm a front-line helicopter pilot. I fly medevac. I have worked as a helicopter pilot in the service of the public and Ontario's air ambulance system since the fall of 2001. I'm based on the Thunder Bay trauma helicopter, which has faithfully served the taxpayers of northwestern Ontario for decades.

Today, my focus will be on the operations on the front lines of northwestern Ontario. For us, this is not a business case, it's not a get-rich-quick scheme, it's not a political issue, it's not a game; it's lives at stake. That's what this focus is on: It's lives at stake, folks.

Across this province on a daily basis, pilots fly our ambulance helicopters into challenging situations. Paramedics treat seriously injured accident victims, and the engineers do their utmost to maintain the helicopters. We are the air ambulance system. We need the resources to do our jobs.

If you're not familiar with the vastness of northern Ontario, consider this: If you got in your car here at the provincial Legislature today, it would take you 17½ hours of driving to get to Thunder Bay. It takes about 13 hours to drive from Sudbury to Thunder Bay. It's about 1,000 kilometres on the two-lane Trans-Canada Highway. It takes about six hours to drive from Thunder Bay to Kenora, another 500 kilometres on the two-lane Trans-Canada Highway. In that drive, you cross a time zone and still have at least another hour past Kenora just to get to the Manitoba border.

For almost three years, since the very first fixed-wing was added to the Thunder Bay base, Ornge has stripped

the medics from the only trauma helicopter between Sudbury and Kenora, a distance of approximately 1,500 kilometres. All of us have raised this issue with Ornge management, old and new. Some have gone to their MPPs; some went to the press. I went to the Minister of Health. All of us had a high hope that, once this story got out about a routinely grounded medevac helicopter, we would see a resumption in proper medic staffing. It still hasn't happened.

A trauma helicopter continually grounded without medics is unconscionable and, some could argue, negligent. When the first plane was put into service in Thunder Bay to support the cardiac care unit at Thunder Bay Regional Health Sciences Centre, we were told it would be three days a week and our medics would only be on standby—not removed from the helicopter. After a period of time, Ornge changed the rules for inter-facility transfers with standing offer agreement air carriers, claiming those medics were not trained to a high enough standard on Ornge aircraft to conduct those transfers. Since Ornge trains all air medics in the province, that argument was invalid. In my opinion, that move at that time was solely designed as a money transfer from one Ornge company into another Ornge company.

Eventually, a second plane was put into service in Thunder Bay, but only one additional medic crew was upstaffed. Each of you can do the math on this. There are two airplanes, one trauma helicopter, two crews of paramedics, and that's it. This unconscionable staffing decision was made by persons who are no longer with Ornge. The new leadership is aware of this ongoing situation, and still, nothing has been done.

I'd like to read into the record some of the locations only a helicopter can service quickly, thus saving lives and reducing suffering, but that would take up the rest of my opening time. I do have a sheet of paper with those names on it. If you live, work or travel through any of these areas, you've got no hope of a golden hour for your medical airlift.

The problem with removing the medics from the Thunder Bay trauma helicopter is actually greater than it first appears. Not only do taxpayers of a region or travelers on our highways have no medevac airlift in time of need, but the dominoes cascade into the Kenora region as well. The crews in Kenora are called upon almost daily to dispatch on flights into the Thunder Bay region, thus leaving their area with no coverage. As a sample of the massive lack of proper medevac coverage in northwestern Ontario, I've got approximately the last two months of calls Kenora has received to dispatch into the Thunder Bay region. I have copies.

1440

We need medics. In the last 12 months, as the transition date from Canadian Helicopters into Ornge for each new rotor base drew closer, more pilots left. Approximately 20 of the most highly trained, experienced rotor pilots in Canada left the system. This represents the single-largest exodus of aviation professionals in the entire 30-plus-year history of the air ambulance program

in Ontario. More are going to leave. About 11 helicopter engineers also left. I and others have chosen to stay and help restore the helicopter EMS system to its proper service levels.

We've never seen such high levels of medic understaffing or downstaffing of helicopters ever in the entire history of the air ambulance program. In front of me, and available for your perusal, are the last eight years' worth of daily pilot journals from the Thunder Bay helicopter base alone. In those journals, day by day, shift by shift, it tells you who was flying, what calls they did, what medics were on, if we were in or out of service and if there was any staff there. It's all here, folks—eight years' worth.

Years ago, Mazza insisted on starting his own helicopter operation, claiming that he could do it cheaper. As a matter of fact, part of the sales pitch for the bond offering was an outline that principal and interest would be paid through cost savings by operating and maintaining their own helicopters.

No. It was recently testified to by an Ornge executive that the current cost of operation of the helicopter system is "no more than the previous vendor." By that testimony, it isn't cheaper. From our first-hand experience, helicopters aren't staffed properly, shifts go unfilled and aircraft sit grounded.

From Thunder Bay, we used to be able to airlift cardiac patients to St. Luke's Hospital in the US, because we had all the appropriate operating certificates from the FAA. Ornge still does not have approvals for the rotary-wing aircraft. It was recently announced that three bases—Thunder Bay, Kenora and Moosonee—will continue to operate the S-76s for the foreseeable future, but we don't have GPS operations certificates from Transport Canada to conduct GPS approaches for this equipment. We used to.

As you all know, the previous vendor was Canadian Helicopters, one of the top aviation firms in the world. They properly staffed the aircraft, retained dedicated pilots, had highly dedicated engineering and enjoyed excellent labour relations with their crews and their union. All necessary international operations approvals were in place; all necessary Canadian operations approvals were in place; and I believe they maintained a 97%-plus dispatch availability rate for decades.

In spite of the problems—

The Chair (Mr. Norm Miller): Are you almost done the intro?

Mr. Bruce Wade: I've got four paragraphs.

The Chair (Mr. Norm Miller): Okay, go ahead.

Mr. Bruce Wade: In spite of the problems, I firmly believe the helicopter air ambulance can be fixed. We want our voices heard, our recommendations enacted and our helicopter EMS system working as it should.

Recently, an associate vice-president of corporate communications emailed our pilot union chairman asking him for a quote to be used in a good-news progress report. Suffice it to say, he declined, stating, "We aren't seeing any progress."

I challenge the members of this committee to unite as one and make the following immediate demands to the Premier and the Minister of Health, to give us the resources we desperately need:

(1) that all EMS helicopters across the province are properly staffed with two paramedics, 24 hours a day, without exception. They used to be, and the Ambulance Act, in fact, might require this;

(2) that allocation of resources be focused on the front lines;

(3) that the performance agreement gets some teeth, with a proper system of financial penalties put in place as a deterrent to downstaffing of medics or pilots.

I'll skip number 4.

I fly medevac for very personal reasons. If even one death occurs because no helicopter can respond, from a lack of proper staffing, and a coroner's inquest is called, I can take comfort in knowing that I tried, for the best interests of Ontario, and my conscience is clear. I'll be able to look myself in the mirror and know I've done everything I possibly can to restore helicopter ambulance service to the northwestern Ontario region. I want to be able to do my job, as do my colleagues on the engineering and the medic side as well.

In closing, Ontario can be proud of the helicopter engineers, the medics, the fixed-wing pilots, the fixed-wing engineers and, of course, my helicopter pilot colleagues across the province. We do make a difference in people's lives. We need your help.

I hope I can answer your questions. Thank you.

The Chair (Mr. Norm Miller): Thank you for that opening statement. We'll move to the opposition. Mr. Klees: 20 minutes.

Mr. Frank Klees: Thank you, Mr. Wade, for being here.

I'd like to just start off by getting some context of your experience as a helicopter pilot. Could you just summarize briefly for us how long you've been a helicopter pilot, when you started with Ornge and how long you've been there?

Mr. Bruce Wade: I started flying in approximately 1995. I was with two other firms prior to moving to Canadian Helicopters on the EMS program in 2001. That was the goal I had when I started flying helicopters, and I was determined to get there. I've always said that, in my opinion, flying medevac in this province is a pinnacle, and it's something I want to be able to do for the remainder of my flying career.

Mr. Frank Klees: Sir, you've been very forthright over the last number of months since these committee hearings have taken place and since the issue of Ornge was in the public domain. You've never hesitated to put your name to an email. I've noticed a number that you have sent to members of the committee and addressed to the Minister of Health.

Mr. Bruce Wade: Yes.

Mr. Frank Klees: I want to thank you on behalf of this committee—in fact, on behalf of all members of the Legislature and the public—for doing that. I know a lot

of your colleagues have felt intimidated, and that's understandable.

You've made recommendations. You've drawn our attention and the attention of the Minister of Health to the failings. You've also made specific recommendations. I'd like to know from you, what have you heard back from the Minister of Health or Mr. McKelvie to any of those emails that you have sent and recommendations that you've made?

Mr. Bruce Wade: I do have some emails here. Actually, I received a letter back from the Minister of Health herself on April 2. I have copies of it here if anybody wishes to see it. The opening paragraph is, "Thank you for your email about Ornge. I want you to know I share your concerns about what happened at Ornge under its former leadership. Thank you, too, for informing the ministry of your interest in being of assistance. I am particularly interested in your willingness to serve on the board of directors."

It goes on for two pages. It's about some of the organizational changes and things of that nature that have taken place. I appreciate that back from the minister, and Mr. McKelvie was copied on this letter. He is aware of it.

The Chair (Mr. Norm Miller): Do members want a copy of that response, of that letter?

Mr. Frank Klees: Yes, absolutely.

The Chair (Mr. Norm Miller): Okay.

Mr. Bruce Wade: I have copies here if anybody wants them.

As I said before—

Mr. Phil McNeely: Chair, I'm missing the conversation. It's probably not the speaker's fault, but I think if you could get a little bit closer to the mike, I could understand.

Mr. Bruce Wade: Sorry; I'm actually on a medication right now for this.

Mr. Frank Klees: So you have a response from the minister, who thanks you for your offer of help. It's copied to Mr. McKelvie.

Mr. Bruce Wade: Correct.

Mr. Frank Klees: What happened?

Mr. Bruce Wade: I haven't seen a lot happen.

Mr. Frank Klees: Has anything happened?

Mr. Bruce Wade: On the front lines, from our perspective, not really.

Mr. Frank Klees: I'm talking specifically about your offer of help. Has Mr. McKelvie been in touch with you or anyone else to say, "Mr. Wade, thank you for your offer of help. Please come in and see us. Tell us what it is that you're recommending"? Has any of that taken place?

Mr. Bruce Wade: Not as an individual, but we have had discussions at the base, with a variety of individuals who have come through. I believe it was around February 9 or 10—I'm not sure of the date—when Mr. McKelvie came to Thunder Bay as his first base visit, along with Patricia Volker, Patrice Merrin and Patricia Lang. They talked to each of the various groups. At that time, we were, of course, still with Canadian Helicopters. We had

a very productive hour with them. But since that time, as far as continuing discussion, no.

1450

Mr. Frank Klees: Have you noticed any of the recommendations that were made by yourself or other people on the front line in the meetings—have you noticed any of those recommendations being implemented?

Mr. Bruce Wade: I just want to refer back to an email here just to make sure I have the correct answer, because I don't think so. I don't think we've seen any.

Yes, here it is. Yes, on February 9, I sent Mr. McKerlie an email to summarize the meeting that we had had with him. Let's see. No.

Mr. Frank Klees: So none of the recommendations that were made by the front lines have been implemented by Ornge?

Mr. Bruce Wade: None of the recommendations that we had presented have been implemented; yes.

Mr. Frank Klees: Okay. This morning, members of the committee were sent an email. Mr. McNeely took great length to read this into the record. It comes from a Poul-Erik Binderup, who is an Ornge PC-12 captain. In his letter, he makes a point of saying, "We have been overwhelmed by the support we have received from individuals like the Honourable Deb Matthews and interim CEO Ron McKerlie," citing that things are wonderful, that he and his colleagues in the fixed-wing operations at Ornge Global Air are happy men and women, and went out of his way to make the minister look very good. You're on the front line—

Mr. Bruce Wade: I was on the front line of this, I believe, longer than Mr. Binderup.

Mr. Frank Klees: So I would just like some balance here because I'm confused. The minister has castigated me today here in committee as someone who is disparaging of the front lines, as someone who has insulted the front lines of our air ambulance service and as someone who just doesn't seem to care. She said that's what she's hearing from the front lines. You're on the front line; I'd like your opinion first of all if, in fact, that's the case.

Mr. Bruce Wade: No.

Mr. Frank Klees: And what do paramedics and pilots think about the job that we're doing as a committee here, and specifically, because the minister went at me directly on this, what does the front line think about the job that I'm doing here on their behalf?

Mr. Bruce Wade: Well, as in any situation, there will be pros and cons, of course. But I can speak for the helicopter side: kudos. I can't speak for the fixed-wing colleagues. There are some tremendous people there; they do some really good work. Unfortunately, we're two different worlds. The rotary-wing side of this is very senior people, very experienced people. This is a pinnacle position, multi-engine IFR helicopters, whether it's in medevac or offshore oil. We see failings in the system, and we think the committee has been doing good work to try and uncover these failings.

Mr. Frank Klees: I want to make the point, Mr. Wade, that while I have been hard on the system, and while I've had a good deal to say about the lack of resources, at no time did I ever impugn individuals on the front line.

Mr. Bruce Wade: Absolutely not.

Mr. Frank Klees: In fact, the reason that we're doing what we're doing is because, out of respect of the work that's being done on the front lines, we want to ensure that they have the proper resources, that they have the respect of the Minister of Health and all those who have an obligation to ensure they're properly supported.

I will just switch a little bit here in terms of an issue that I was discussing previously with Ms. Beecher. That's the whole issue of resourcing and training of paramedics, the whole concept of how Ornge was handed essentially not only the monopoly to deliver air ambulance service in Ontario but also on the training side. What is your assessment of how well Ornge has done in terms of training their paramedics and training their pilots?

Mr. Bruce Wade: The paramedics as a whole, and this is only because I work alongside them daily, have complained for quite some time that the—I think the term is—speed of the training was not adequate. I know of one individual paramedic who spent five years trying to get certified as a critical care paramedic. I don't remember in prior years this ever being a problem, getting people trained. I don't know what the problem is within their training system.

On the pilot side of it, up until just recently, of course, we were all working for Canadian Helicopters on the rotary side, and every single one of us would go to flight safety in Florida. We'd be there for essentially a week and do all your simulator work in level D full-motion simulators, similar to what Air Canada would use for their triple 7s. Now the bulk of the pilots are of course going to New Jersey on the AW139 simulator—again, one of the most complex simulators in the world.

What we have noticed is that on the S-76 side of it, in particular, the training seems to have slowed down. We're hearing rumours that we'll be doing it on the aircraft, which is kind of regressive by about 10 or 15 years, because you can't do the full range of emergency procedures that one would normally expect to anticipate in the air.

On the 139 side, it's all in New Jersey. It's a very extensive program and it's terribly expensive. That is a superior program.

Mr. Frank Klees: Mr. Wade, you made reference to Canadian Helicopters. I referred earlier, when I was having a discussion with Ms. Beecher in terms of the kind of efficiency and response to calls when the service was being provided by Canadian Helicopters and Voyageur, that that rating was 98%. If, in fact, there couldn't be a response, if they couldn't respond either by helicopter or by a fixed-wing aircraft, there would be a financial penalty—

Mr. Bruce Wade: That's my understanding, yes.

Mr. Frank Klees: —that the carrier had to pay to the Ministry of Health. We now, of course, have a situation where there's no such accountability.

Mr. Bruce Wade: Which is one of my recommendations.

Mr. Frank Klees: My question to you, knowing—and you may have seen the testimony from Mr. Tom Rothfels who, when he was sitting in your chair, said he is convinced that the core competency is simply not there at Ornge to operate the airline side of it, the aircraft side. Is it your opinion that one of the fixes of the problem would be to restore that helicopter operation back into the hands of—whether it's Canadian Helicopters—or at the very least, put that up for a public tender so that we can have some bidding into that contract to ensure we get the core competency to deliver that service?

Mr. Bruce Wade: I would say it is, because a helicopter is an extraordinarily technologically advanced piece of gear. It's not something that an organization with no aviation history in helicopters can just pick up overnight and carry on with. It's being demonstrated daily, unfortunately, and I work there.

Mr. Frank Klees: I just have one last question in this round. It relates to an email that you sent and was addressed to Deb Matthews, Mr. Gravelle and Mr. Mauro, Ms. Gélinas and Mr. Singh. It was in response to a release put out by Ornge in which they say, "Ornge continues to add to its front-line staff team to ensure the best possible patient care. There is now a team of 217 paramedics at Ornge. That's 10 more medics than at this time last year." That was June 7.

You responded to that and you were not very pleased about the spin that was being put on that. In fact, you say, "The actual facts remain: Medics are routinely, chronically and, without regard to proper medevac capability, removed or just not available for the trauma helicopter in Thunder Bay. All of you know this has been going on for nearly two years."

"We are fully grounded without medics. Ornge claims to the press and others the base is staffed 24 hours per day. This statement, while technically correct, is less than honest."

1500

I would like you to just comment on that. Tell me, when people like yourself and other front-line staff see this kind of communication come from the new management team at Ornge, what is it telling you?

Mr. Bruce Wade: In Thunder Bay, it's not met with a great deal of joy, because we've been pushing for years to have proper staffing levels. It's disappointing because the recommendations are there. We know from the front lines what has to be done. It's disappointing. I'm hoping that we do see progress. I'm hoping that by being here today, the message once again gets through to the right people that we do need the support on the front end. We do need these helicopters staffed properly. We'd like to engage in good, honest, open dialogue and build a relationship of trust, but it's not helping.

Mr. Frank Klees: Thank you.

The Chair (Mr. Norm Miller): Thank you very much. We'll move to the NDP. Ms. Gélinas?

M^{me} France Gélinas: Thank you for coming down. Welcome to Queen's Park.

I would like you to try to do a little memory exercise there. Feel free to refer to any of your notes, if that helps. When would you say that people started to report problems with staffing in Thunder Bay?

Mr. Bruce Wade: It would have been about three years ago, approximately, when the very first airplane was put into service. I don't have the exact date, but I'm sure with all the journals here, we could probably find it.

M^{me} France Gélinas: So the first time that Ornge purchased its own aircraft and put it into service?

Mr. Bruce Wade: Correct.

M^{me} France Gélinas: Okay. So at the same time as they did that, they changed the staffing level?

Mr. Bruce Wade: Yes. Well, they didn't technically change the staffing level; they added the airplane and the fixed-wing colleagues who fly that. What they didn't do, for a period of time, is increase the number of paramedics on shift. Initially, the aircraft was announced publicly as a support to the cardiac care unit in the Thunder Bay hospital. It was on standby three days a week to bring patients, I'm assuming, to southern Ontario for additional medical care. The medics were on standby for the airplane if the need arose, but they stayed with the helicopter.

Eventually, they moved the paramedics over to another facility, and the focus started shifting to staffing the airplane first and leaving the helicopter as a secondary tool, which essentially is quite useless without paramedics. It was about two and a half to three years ago.

M^{me} France Gélinas: Have things varied since? Did it ever get better?

Mr. Bruce Wade: No.

M^{me} France Gélinas: It stayed the same.

Mr. Bruce Wade: Yes.

M^{me} France Gélinas: Who was aware of this?

Mr. Bruce Wade: Well, everybody in Thunder Bay, pilots and paramedics alike. Plus, we all raised issues with—I went to my employer, which at that time, of course, was CHL. I know the paramedics, almost without exception, were raising this issue with Ornge management, and nothing changed.

M^{me} France Gélinas: Okay. I'll stick with who knew about it. Did you ever have an opportunity to go outside of your supervisor and tell upper management at Ornge what was going on and that you didn't agree with the understaffing?

Mr. Bruce Wade: Not really. Ornge didn't really want to hear from us at all.

M^{me} France Gélinas: Ah. And you knew this—

Mr. Bruce Wade: It's changed now, because we're actually there.

M^{me} France Gélinas: And you knew that they didn't want to hear from you—how did you know that?

Mr. Bruce Wade: We were told in no uncertain terms throughout the system that we were essentially there to

fly and not to ask questions. It was nothing in the form of a memo; it was just a very common understanding. They didn't want to hear from us.

Mr. Jagmeet Singh: Can you compare, in pros and cons, the model initially, which was to outsource the aircraft side completely; and the new model, which was to integrate the aircraft and to have it—pros and cons. If you could just kind of sketch that out really quickly: if there's any benefit to integrating it, or if it was only a con.

Mr. Bruce Wade: I'm trying to be fair. I haven't seen a benefit to integrating it. Maybe the benefit would be that all staff now work for one organization, perhaps. It has never been an issue before as far as relationships go or team co-operation goes. But from the efficiencies side, as a private contractor operating the helicopters, we were staffed, and those helicopters were available 24 hours a day—staffed, not sitting in a hangar with pilots watching a movie upstairs because we don't have any medics. That, to me, is the single-biggest frustration that we're dealing with. Put medics on the helicopters, all of them, 24 hours a day, and most of these problems start going away. It's lives here; it's not a game.

Mr. Jagmeet Singh: So that's one issue. Are there any other issues still ongoing besides this issue of the staffing with respect to having aircraft available but not having enough staff to actually put them in the air and save lives? Are there other issues that are still ongoing that haven't been rectified?

Mr. Bruce Wade: Yes. There are things that are starting to happen recently since we all transitioned in.

Mr. Jagmeet Singh: What are those issues?

Mr. Bruce Wade: Well, pilots now—and I'm specifically thinking Thunder Bay—have on occasion been picked up by a private charter and flown to Moosonee to fly that helicopter and leave the Thunder Bay base completely uncovered. That shouldn't be happening.

Mr. Jagmeet Singh: Is that happening on a regular basis systemically, or is it a one-off thing?

Mr. Bruce Wade: Well, it happened to me personally in May twice. As far as I'm aware, talking to some colleagues yesterday, this happened on one or two occasions just this week.

Mr. Jagmeet Singh: What is the problem, then? What's going on? Why is that happening?

Mr. Bruce Wade: We think it's understaffing. It has to be. There's just not enough pilots to fly the helicopters.

Mr. Jagmeet Singh: So now they're outsourcing on a one-off basis to get private companies to fly?

Mr. Bruce Wade: Yes. One of the SOA carriers was contracted on a few occasions to pick the pilots up at the beginning of a shift, fly us to Moosonee and then bring us home at the end of the shift.

M^{me} France Gélinas: So that the base in Moosonee would have pilots?

Mr. Bruce Wade: For sure, yes. No question.

M^{me} France Gélinas: Otherwise, if you hadn't gone, there wouldn't have been a pilot?

Mr. Bruce Wade: There wouldn't have been pilots there. Moving us from Thunder Bay to Moosonee staffed that helicopter and left this one grounded. This has happened on a number of occasions. I don't recall ever having this situation before. This is because so many people have left, and the people that have recently been hired—I stand to be corrected on this, but I don't think any of the new hires are yet online. Perhaps maybe one or two are; I don't know. But we're very short-staffed as far as front-line operational pilots right now.

Mr. Jagmeet Singh: You wrote to the minister explaining your concerns, and you received a letter back. Did you ever communicate any of your concerns before, perhaps a year, two years, three years ago?

Mr. Bruce Wade: Yes, I would have to say I did. To whom, I wouldn't recall. I've been fairly vocal on trying to maintain services in the northwest region for a long time.

Mr. Jagmeet Singh: Was it someone in the government that you expressed your concern to? In what manner did you express concern?

Mr. Bruce Wade: Honestly, I'm not sure, but I have been very vocal trying to keep the service levels up.

Mr. Jagmeet Singh: In terms of your own experience, have you seen ministry folks come to inspect the sites, to do some oversight, to see what's going on, to ensure that the standards are maintained, to ensure the staffing is at the level it should be?

Mr. Bruce Wade: This spring there was an individual on the aviation side—his name escapes me, unfortunately. He used to be with the Ministry of Natural Resources; he may very well still be there. Ken Wong, that was the gentleman's name. He did whatever audit metrics that he does. We didn't talk to him; he just came and did whatever he did and carried on.

Mr. Jagmeet Singh: And where was that?

Mr. Bruce Wade: That was in Thunder Bay.

Mr. Jagmeet Singh: Thunder Bay?

Mr. Bruce Wade: Yes.

Mr. Jagmeet Singh: And that was one time in the spring?

1510

Mr. Bruce Wade: Yes. It wasn't too long ago.

Mr. Jagmeet Singh: This year?

Mr. Bruce Wade: This year, yes.

Mr. Jagmeet Singh: Okay. Besides that, are you aware of any other time that ministry officials came to do an audit or to just check up on the standards or what's going on at the base in Thunder Bay?

Mr. Bruce Wade: As a front-line pilot, I wouldn't even pay attention.

Mr. Jagmeet Singh: You would not?

Mr. Bruce Wade: No. If the ministry people had been through every day, I wouldn't even have realized it.

Mr. Jagmeet Singh: That's fine.

M^{me} France Gélinas: Just because this is—nobody comes and audits locally the pilots?

Mr. Bruce Wade: No. It's the systems that are in place, perhaps their record-keeping, their policies or

procedures—things along those lines. But as far as the operational pilots, we're done by Transport Canada every year, separately.

M^{me} France Gélinas: And you report to Transport Canada for every time you fly?

Mr. Bruce Wade: No. The pilots after a flight enter the flight data into the Ornge computer system, so they have all the information of start and stop times, where we went to, how many people were on board—things of that nature.

There's also an operational flight plan that's maintained that's a Transport Canada requirement. That's maintained in the offices for a specific period of time. I don't know how long they have to keep them. Transport can take a random sampling of those at any time. But as far as reporting flights to Transport, no, that's not the case.

M^{me} France Gélinas: So you report it into the Ornge database.

Mr. Bruce Wade: Yes.

M^{me} France Gélinas: Okay. Has this changed since you went to the Agusta helicopters?

Mr. Bruce Wade: I fly the S-76 still, in Thunder Bay, Moosonee and Kenora. All the other bases are on the AW139, and we all use the same computer software, the same terminals. So I'm going to make the assumption that their flight data entry is exactly the same that we're putting into our system.

M^{me} France Gélinas: Okay. And there is not more data that is updated directly from the helicopter from one—you haven't transitioned to the new helicopter.

Mr. Bruce Wade: No. I've done the ground school, but our training was cancelled because it was announced that we're not getting it.

M^{me} France Gélinas: So you will not be getting the new helicopter?

Mr. Bruce Wade: "For the foreseeable future" was what we were told, and we don't know what that means. We would have to speculate it would be at least a year just because of how busy the simulators are in New Jersey. This is an extensive program of transition, so we can't see it happening in the next 12 months.

M^{me} France Gélinas: And those are the simulators from Agusta.

Mr. Bruce Wade: Correct.

M^{me} France Gélinas: Did we know about this when we planned the transition or did you just find out about this recently?

Mr. Bruce Wade: That's fairly recent. I don't know the exact date, but Mr. Feeley came to Thunder Bay to hold a one-hour meeting with us and tell us and our Kenora colleagues on a conference call that we weren't getting that helicopter for the foreseeable future, which was met, quite frankly, with no surprise from any of us. I think he was somewhat surprised that we weren't upset or shocked—because we didn't expect we'd get it anyway.

Northwestern Ontario, for the last three years, has been substantially neglected, and it's unfortunate.

Mr. Jagmeet Singh: To summarize your concerns, putting it bluntly, one is staffing concerns, that there are not adequate medics to put the aircraft in the air?

Mr. Bruce Wade: Number one.

Mr. Jagmeet Singh: Two is that there's not adequate helicopters to service northern Ontario, and helicopters are necessary because of the terrain and the distances. There are certain places and locations that a fixed-wing just can't be the option; you need to have a helicopter to go in.

Mr. Bruce Wade: Partially. The numbers of helicopters are not an issue. We have more helicopters now than we did before. There are the 10 Agustas and there are six S-76s available. The problem is, we don't have enough pilots to fly them.

I actually have—you can have copies of this as well. This is actually the rotor-wing pilot seniority list, July 10 of this year. There are 75 names on it, and I'm going to guess that—one, two, three, four, five, six—maybe seven probably aren't even online yet. We're short in Thunder Bay. Kenora is critically short. Moosonee is also short because of having to fly pilots around the province to cover. I do not know what the staffing levels are in southern Ontario.

Mr. Jagmeet Singh: Do you feel that northern Ontario is being neglected?

Mr. Bruce Wade: Yes; for sure, yes.

Mr. Jagmeet Singh: And that the people of northern Ontario are not receiving the quality of service they should be receiving because of staffing decisions related to the north of Ontario?

Mr. Bruce Wade: Yes.

M^{me} France Gélinas: I want to come back a little bit to the data entry that we were talking about. The ministry said that the data that they were receiving from Ornge was inflated, that Ornge was reporting more flights than actually happened and was reporting more transport than actually happened. Were you ever told to change the way you reported what you did?

Mr. Bruce Wade: No. No; we've always, as far as I can remember, entered the same type of information: the flight number, a patient number, to and from locations. All the flight data records and things are—I'll just pull one out at random; this is the same thing. Oh, here I pulled out a page where there's no medics on staff so we don't do anything. Pilot names—this has never changed, none of this reporting, whether it's this book or the data we enter into the computers, has ever changed. It's just a different name on the system. That's all.

M^{me} France Gélinas: So, how could those reports not be accurate?

Mr. Bruce Wade: I don't know.

M^{me} France Gélinas: You don't know?

Mr. Bruce Wade: I don't know because we enter the data as we finish our flights and paperwork.

M^{me} France Gélinas: Same thing with the medics?

Mr. Bruce Wade: Yes, yes, same thing with the medics. It's all the same. It has never changed.

M^{me} France G  linas: So, whether it was paper form and has now gone to a computer-based way to enter it—can you imagine why the data is different now than it was before?

Mr. Bruce Wade: No.

M^{me} France G  linas: Have you seen the numbers for your base to see if it's any different than what you remember?

Mr. Bruce Wade: I have not seen any printed reports of the information that we enter, with the exception of aircraft out-of-service reports, which we can't access any longer, which tell you how long an aircraft has been out of service and for what reason.

But as far as the flight data goes, there's no reason it should be any different. The only way to do it would be to take a year's worth of reports, if that could be generated, and compare them with the daily journals because the same stuff that's in here is in the flight data report. It shouldn't be any different.

The Chair (Mr. Norm Miller): And you have about three minutes.

M^{me} France G  linas: You've talked about the email that you have written to the ministry. You said that you have been fairly vocal for the last three years. Has anybody that you've talked to ever answered back?

Mr. Bruce Wade: I did get a letter back from the minister.

M^{me} France G  linas: That's from this summer, but from before?

Mr. Bruce Wade: Prior to that, not that I can recall. I believe I got an email recently from Michael Gravelle, who thanked me for being a passionate advocate, and he supports what we're trying to do. But, as far as prior to the story breaking, I don't think I did.

M^{me} France G  linas: Were you surprised when you saw what happened at Ornge, when you saw the headlines in the paper? Did you see it coming?

Mr. Bruce Wade: We saw a lot of it coming but, quite frankly, some of the stuff that was reported was so far beyond what any of us were ever anticipating seeing. It was flabbergasting. We had no idea the depth that this was going to go. We saw it from the front lines. We saw a deterioration of service. It was a shock, an absolute shock.

M^{me} France G  linas: When you say that you saw a deterioration of service, are you talking about the deterioration you saw three years ago that stayed the same or was it getting worse and worse before December when it hit the front page of the paper?

Mr. Bruce Wade: Yes, it was still eroding on the operational side, not the numbers of medics and staffing, because that got to the bottom and it stayed there, but the numbers of pilots—the closer we got to having to move to Ornge, the more and more left. The service erosion really started a downward trend as far as being able to put pilots in seats and keeping aircraft staffed. That compounded the situation.

1520

M^{me} France G  linas: Although you never did the transition to the new aircraft, it was doing the transition from Canadian Helicopters to Ornge that scared a lot of pilots away?

Mr. Bruce Wade: Yes.

M^{me} France G  linas: Although they were not necessarily going to change aircraft, because, as you say, Moosonee, yourself and Kenora have not changed.

Mr. Bruce Wade: It was strictly an operator change that was the impetus for people's departure. A lot of those who left had been trained on the 139, so they took an extraordinarily valuable endorsement with them and have gone international to other operators.

M^{me} France G  linas: They hadn't worked for Ornge yet. How did they know that they were not going to like it?

Mr. Bruce Wade: We have worked alongside Ornge for years. We witnessed the intimidation tactics that they used against the medics, and we witnessed the frustrations they were having. You've got to remember that it doesn't matter if it's XYZ running the medics and ABC running the helicopters; we're one crew. We are a very tight group. We operate in very challenging environments, and we talk to each other. So the frustration level that was evident there and the tactics that were being used—

M^{me} France G  linas: Can you give me an example of an intimidation tactic that you saw or heard of?

Mr. Bruce Wade: I'd rather not, because it would potentially identify an individual who would like to remain anonymous, but there were threats against people's employment from individuals within the old structure.

M^{me} France G  linas: So—

The Chair (Mr. Norm Miller): You are out of time, unless you wanted to—

M^{me} France G  linas: I'll borrow a few minutes from my next round.

It would be their supervisor or management that would threaten their own employees?

Mr. Bruce Wade: On occasion, yes. I think that's gone now. I think that's changed. I think that's a very positive step, there.

M^{me} France G  linas: Okay. Thank you.

The Chair (Mr. Norm Miller): Okay, very well. We'll move to the government. Ms. Sandals?

Mrs. Liz Sandals: Welcome, Mr. Wade, and thank you for coming in here, because it is very helpful for us to get the front-line perspective. Just to be clear, you flew for Canadian Helicopters Ltd. for 11 years?

Mr. Bruce Wade: Approximately, yes.

Mrs. Liz Sandals: Then when did you actually start with Ornge?

Mr. Bruce Wade: Our base was transitioned into Ornge on, I believe, March 22 or 23.

Mrs. Liz Sandals: Okay, March 2012, so you've been there for three or four months.

Mr. Bruce Wade: But remember, we were working alongside them for years.

Mrs. Liz Sandals: You're still flying the S-76, but you started training. When you first arrived in March, then, did you—because you said you'd had some training, the preliminary training for the new helicopters.

Mr. Bruce Wade: Right. Last year, our base was scheduled for the Agusta simulators. That training was cancelled, as was Kenora's. Then they reinstated it again in the fall. Kenora had a ground school, and then we had a ground school. I'm not sure the date of the ground school, but I think it was some time in February.

Mrs. Liz Sandals: It was last fall, of 2011.

Mr. Bruce Wade: It was reinstated in 2012, reinstated for the ground school component, which we had, I believe, sometime between February and April.

Mrs. Liz Sandals: So in fact, the ground training for the new Agusta helicopters actually was while you were still with Canadian Helicopters Ltd. in anticipation that you would transfer?

Mr. Bruce Wade: No. We had actually transferred into Ornge at that time, and yes, it was after March 22. It was some time in April, May—

Mrs. Liz Sandals: So it might have been April, then. Early on in your experience with Ornge, you did the preliminary ground school training, and now you're waiting for the simulator. Okay.

Mr. Bruce Wade: Yes, that's right.

Mrs. Liz Sandals: It's clear from the conversation that you've written a lot of emails to various people. Unfortunately, my colleagues and I here haven't seen any of those until yesterday because they all went to the opposition; they didn't come to us.

In terms of the committee members, the mailing list was quite selective. None of my colleagues have seen them on this side of the table, so we're just trying to get up to speed.

Mr. Bruce Wade: Sure.

Mrs. Liz Sandals: One of the things that I noticed that you seem to be concerned about, and this is actually one that I think mainly went to the local Liberal MPPs on June 13 of this year and talks about, "On June 24, Ornge is making a huge operations announcement. All indications are the removal of the Thunder Bay trauma helicopter will be among those announcements." Clearly that didn't happen, so I'm wondering—

The Chair (Mr. Norm Miller): Sorry, do you need time to find that email?

Mr. Bruce Wade: Well, I don't believe I actually have it with me, but it's okay. Carry on.

Mrs. Liz Sandals: Yes, and I wasn't going to read any more of it. But you're not disagreeing with the idea that you were concerned—

Mr. Bruce Wade: Oh, very much so.

Mrs. Liz Sandals: —that the trauma helicopter would be cancelled. It didn't get cancelled. Why was it that you were convinced it would be cancelled and you were obviously writing to the minister and local MPPs—

Mr. Bruce Wade: As you well saw, as an advocate to keep the system—

Mrs. Liz Sandals: Yes. So what was it that made you think that it was going to be cancelled?

Mr. Bruce Wade: Well, there was a meeting conducted in Timmins by some senior management where operational discussions had taken place, and it was mentioned in that meeting that there was a possible helicopter being removed, potential helicopter removal. Later on, there was another meeting in Kenora where Mr. McKerlie—I'm getting this second-hand; I was not at the meeting—gave them a hypothetical that, in his opinion, Thunder Bay would probably lose its helicopter and those pilots would be absorbed into other bases in the system. The premise from that was because they were looking at the last two or three years' worth of usage data.

So if I had come in in January or February and had been looking at the last two or three years' worth of usage data, I would probably draw a similar conclusion, but the usage data is completely flawed. We're not used because we don't have medics because they won't staff the helicopter properly. So that's where the alarm bells were raised and that's why the alarm bells were raised.

Mrs. Liz Sandals: So, in this case then, it would appear that Mr. McKerlie was meeting with people in Timmins, meeting with people in Kenora, meeting with people at the various bases, and they said, "You need to look at the data that way," and the decision was reconsidered. That sounds to me like listening to the feedback on the ground. What I keep hearing you saying to the others is, "Well, there's no point in talking to people because they won't listen."

Mr. Bruce Wade: At one point there was zero point of talking to anybody. Now, I will always give credit where credit is due. There have been a couple of individuals that have been brought into the system—I have not personally talked with them—that seem to know what is the right thing to do, and they seem to be starting to pay some attention.

However, having said that, you can listen for ages, but until we physically start seeing proper staffing, we might as well be talking to the doorway.

Mrs. Liz Sandals: But what I think I just heard you say was that you thought that it was going to be cancelled and in the end in fact it wasn't cancelled, that people seem to have listened and said, "Okay, let's have a re-look at the data"—

Mr. Bruce Wade: I'm hoping that's the case.

1530

Mrs. Liz Sandals: —and that there was some action in a way that you would want the action to have gone.

What I'm having a bit of a problem dealing with is we're getting very mixed messages. We've heard from a front-line paramedic today who said that there are more paramedics available—he was talking about a different base than you—and he said, "But we have seen the staffing go up for paramedics." We've heard by email from a Thunder Bay fixed-wing pilot—in fact, a whole bunch of fixed-wing pilots—who are saying, "Gee, it's

gotten a whole bunch better,” and I hear you saying “No, it’s gotten worse,” or it hasn’t gotten any better.

Mr. Bruce Wade: It has not gotten better. The fixed-wing aircraft are properly staffed. The medics come in, they’re dispatched on an airplane. The second crew comes in, they’re dispatched on an airplane. There’s no third crew coming in. That helicopter stays grounded.

If you want to look at this book, it shows you every single shift for 2012, and it will show you when there were medics on and when there were no medics for the helicopter. It has not gotten better on the rotary side. The fixed-wing side is great. I think they’re doing a tremendous job; I really do. But we can also do a very admirable job. We can save lives. We can get into places that nobody else can get into.

Just this week, there was a call to a bush scene where it was a co-operative effort with the single medic on the helicopter—a critical care medic by himself—and our two pilots who got that helicopter into a location they should never have been able to go into to get somebody who had an accident and had been out in the bush for hours before being found and got them to a trauma centre. Had that one medic not been turned around on the plane to come back to Thunder Bay, there’s a very strong probability that that individual would have died in the bush.

It’s not gotten better from the rotary perspective. From the fixed-wing side, kudos to my colleagues. They’re doing great work.

Mrs. Liz Sandals: Again, what I think I hear you saying is that when it’s appropriate to dispatch a helicopter, people are making an effort to make sure that the helicopter gets dispatched when it’s necessary to get the helicopter in there.

Mr. Bruce Wade: In that one instance, it just happened to be a situation where they were only 10 minutes away and they could turn the plane around. That’s one example. There are many other examples where we go to the hospital on a call and drop a patient off, and the land medics say, “Why weren’t you guys at the accident on such-and-such a highway last Tuesday? We were there.” We didn’t get a call. We had no medics.

The only way that you can guarantee that the only trauma helicopter in 1,500 kilometres is properly operated and properly utilized is to have the paramedics on board all the time. We need a third crew of medics in Thunder Bay. We don’t need to reduce a shift of medics from the airplanes; we need another shift of medics to staff the third aircraft, which is the helicopter.

Mrs. Liz Sandals: And this is where I’m getting really confused, because in this email that you—now I’m looking at one that you actually sent on Boxing Day, which is the first one that I’ve seen, but there may have been some before that, I don’t know, because as I say, we weren’t getting them. But the first one I’ve seen is one that you sent on Boxing Day to the minister, and in this case copied the opposition. The request at that point was to immediately stop the transfer of Canadian Helicopters’ EMS pilots to the direct employ of Ornge. Then there are

several others that I’ve seen that pick up on that theme. To me, that’s something very much different than what you’re saying today, which is not so much who’s managing the helicopters; it’s, are there enough critical care paramedics being trained and hired, and the need to increase the staffing of paramedics—

Mr. Bruce Wade: Well, it’s twofold—

Mrs. Liz Sandals: You keep talking about paramedic staffing—I mean, quite frankly, I don’t care who runs the helicopters, but if we’re trying to sort out as a committee what is the critical problem here, it seems to me that what you keep telling us over and over and over again is: You need another paramedic, you need a 24-hour third crew in Thunder Bay, and that would be your recommendation.

Mr. Bruce Wade: No, it’s twofold: (1) We need paramedics on that helicopter, 24 hours a day, seven days a week, 365 days a year. (2) The inability to staff the helicopters with pilots has been exacerbated over the last 12 months as people have left because they don’t want to work for Ornge.

I’m hoping in the long term whatever the committee recommends is listened to on all fronts. I’m hoping that the taxpayer gets the best value. I’m hoping that we are in a situation where, if it’s an outside contractor, they can retain the pilots, and if it’s Ornge, that they can start listening to why people have left. It’s been claimed by one individual that we don’t know why pilots have left us. Well, we’ve been telling them, time and time again.

So I’m not going to sit here and support 100%, Ornge should be operating the helicopters; I’m not going to sit here and support 100%, an outside contractor should employ the helicopters. What I am saying is that it has to be an operator that can engage its staff; it has to be an operator that has an operational history to draw on; it has to be an operator that can maintain, and in fact foster, good relations with its employees.

Mrs. Liz Sandals: And again, what we’re getting is a conflict, from what you’re saying and the other information we’ve seen, because the letter from Poul-Erik Binderup—I believe that’s the pronunciation. He talks about—“In December of last year we watched as the fabric of the Ornge machine began to unravel....” So this is as the story unfolds. And then he talks about—

Mr. Bruce Wade: I think that was as shocking to him as everybody else, quite frankly.

Mrs. Liz Sandals: Yes. And, “The Honourable Deb Matthews’s installation of Mr. Ron McKerlie as interim CEO, and the major corporate restructuring that followed, gave us a sense of hope that we would be able to continue to serve the people of Ontario as medevac pilots.” Then he expresses some concern. He talks about being very pleased with the Pilatus PC-12 and the job they’re able to do, and talks about being very proud of the work that the medevac pilots can do.

Then today, we’ve got another email, which is other pilots responding to his email. I counted them up, and there must be 30 Ornge pilots—

Mr. Bruce Wade: Yes, it would be all the fixed-wing pilots. Sure.

Mrs. Liz Sandals: But we've got a whole bunch of happy campers who are pleased that things have turned around, that things have gotten a whole bunch better, and who are willing to sign their name and say so publicly.

This is another Thunder Bay pilot saying, "I ... agree 100% with the above letter written by Captain Poul-Erik Binderup. I would also like to add that I have been involved in aviation since 1989 and I have flown as a medevac pilot on and off since the mid-1990s. It was not better 18 years ago or four years ago. It is better now.

"Ornge fixed-wing has its problems but these problems should not lead to, as some would like, a full shutdown of Ornge Air.

"Going back to the 'good old days' of contract air services would not be better nor safer for the citizens of Ontario."

As I say, there are literally 30 responses here, where pilots, who are agreeing to sign their names, say, "I 100% support this." "I support your letter to the standing committee." "I support what this other pilot is saying about how Ornge has turned around and we're very proud of the work that Ornge does." So if—

Mr. Bruce Wade: You're missing a fundamental point: That's the fixed-wing side. This whole discussion I've been having with you has got nothing to do with the fixed-wing operations. The fixed-wing pilots—not all, but the majority of them—are coming into their perhaps second or third job. They're going to move on somewhere else, into Porter or Jazz or on up the line. The rotor-wing side of the house is a completely different ball game. We've got aircraft that are worth \$14 million or \$15 million. We have a simulator that's equal in complexity to the aircraft. We have, all totalled, roughly \$150 million worth of physical assets sitting there, whether it's the Sikorsky-76s or the AW139s.

1540

We're not entry-level pilots here; we are the other end of the industry. We're top-level pilots. We hold the highest licences in licence categories. We operate complex, multi-engine IFR helicopters in all weather conditions, under all circumstances. For us, there's only one more move, and that's not upwards; it's lateral. It's lateral into the same type of aircraft to another operation.

For us who are there, who are flying these things, we want to be flying medevac. We don't want to fly off-shore; we have the opportunities. It's not an entry-level situation. It's not a second or third job situation; it's a career decision.

The Chair (Mr. Norm Miller): You have a minute and a half.

Mrs. Liz Sandals: Well—

Mr. Bruce Wade: And I applaud my fixed-wing colleagues. I really do.

Mrs. Liz Sandals: Yes, but if you are saying that Ornge is—I totally get that flying a fixed-wing and flying a rotary are two different skill sets and that there are way more fixed-wing pilots than there are rotary-wing. I get

that. I understand that you're two different skill sets of pilots, but I don't get, if Ornge is a good employer for some kinds of pilots, why is there an automatic presumption that it's a bad employer for another set of pilots?

I understand that when Dr. Mazza was there, he was very hard to work for and bullied people and all those things we've heard, but he's not there now.

Mr. Bruce Wade: Which is a good thing.

I think this, let's call it a friction, comes from the fact that almost all of the structure of Ornge Air is airline- or fixed-wing-operation-related people. There are, to my knowledge, maybe one or two who have any background in helicopters at all, and I don't know of any—again, I stand to be corrected here—who have any medevac background, with the exception of one individual, who's the interim operations manager on the rotary side, who comes from our ranks; he's one of our guys. That's where a lot of this is coming from, because we understand helicopters. Those other folks understand fixed-wing, but they don't understand what a helicopter is all about and how to properly use it in this environment.

Again, I'm not saying anything negative about the fixed-wing side; I'm not. They come from some very, very small operations and very suspect type of equipment into something that's brand new—good equipment. They're good people. They want to be doing what they're doing, but a lot of them are going to move elsewhere eventually. On our side, we just want to do our jobs. We want to get out there and save lives.

The Chair (Mr. Norm Miller): Very good. Thank you—

Mrs. Liz Sandals: But why can't the helicopter pilots transition into new equipment and do their jobs?

The Chair (Mr. Norm Miller): Thank you. We'll move on to the opposition. Mr. Klees, you have nine minutes.

Mr. Frank Klees: Thank you. I appreciate that clarification, Mr. Wade. I think you've been very clear about what the issue is.

I also want to refer to this letter from Mr. Binderup. What is somewhat concerning—in his letter, he makes reference to shutting down, or the fact that someone is suggesting that the operation be shut down. No one has ever suggested that. What's at issue is who manages it and what the competency is of the managers behind the operation.

If somehow there was a message that was spun through the front lines that someone is intent on shutting this operation down, it's simply not the case. What is the case is that we want to ensure that whoever is managing, whether it's the fixed-wing or whether it's the rotor-wing—that it's done with competency, and that the front line, whether they're fixed-wing pilots or helicopter pilots, can have the confidence that the organization behind them is able to protect them, to ensure the resources are there, to ensure the training is there, to ensure the maintenance is there. Quite frankly, I think you've made it very clear, Mr. Rothfels made it very clear and others

have made it very clear that there's a lack of confidence in the Ornge organization in being able to do that.

There are people who, in this province, have been in that business for many, many years. They have the core competency. I think the question that we have to address is: Does it make more sense to continue to prop up an organization that has proven they don't have the competency? Or do we go to an organization and offer to have that organization run the operation so that we can get on with delivering the service? I'd just like your reaction to that position.

Mr. Bruce Wade: I agree.

Mr. Frank Klees: I'd like to refer to the minister's letter to you dated April 2, and first of all express a disappointment that once again we have nice words coming from the Minister of Health: "Thank you," Mr. Wade, for "your interest.... I am particularly interested in your willingness to serve on the board...." It's copied to Mr. McKerlie, and that's the end of it. She refers to the commitment of the government to transparency and accountability.

Mr. Wade, I have on my iPad here a very interesting website. It's called Aircraft Out of Service Report by Ornge—there it is. I actually got a password for that, which allowed me, up until recently, to go on on a daily basis and determine which aircraft were out of service. When did this stop getting reported?

Mr. Bruce Wade: Out-of-service reports are still entered. They're entered by shift, daily, by the pilots that are on duty. The information is still going in.

Mr. Frank Klees: Is it available to the public?

Mr. Bruce Wade: I haven't physically been able to search our service reports in the past couple of months—

Mr. Frank Klees: We can't get in this anymore, so someone is obviously blocking us.

Mr. Bruce Wade: We can't see what our downstaff was.

Mr. Frank Klees: Here's my question: Wouldn't it be interesting if Ornge actually agreed to make that aircraft out-of-service report totally transparent and public so that people could see for themselves so that this wouldn't have to be a kind of confidential discussion between backroom people, and we wouldn't have to discuss or debate how many aircraft were out of service because of paramedic shortages or because of pilot shortages? Because all of that should be on that website. Would you agree?

Mr. Bruce Wade: I would agree that it would be very interesting for the committee as a whole to see that information. Whether it should be in the public domain, I would draw hesitation there. I think I mentioned in my opening remarks that recently it was admitted to that they have a 54% availability rate at a cost that's no more than the previous vendor. A 54% availability on the medevac system—we're talking rotary-wing; we're not talking airplanes here—to me is scary.

Mr. Frank Klees: In other words, 54% of the time they're available to respond to calls. The rest of the time, regardless of what those calls are—

Mr. Bruce Wade: They're not available.

Mr. Frank Klees: They're not available.

Mr. Bruce Wade: For whatever reason: no medics, no pilots, perhaps a mechanical issue.

Mr. Frank Klees: Can you help us to understand what the implication is? Do you have any examples of times when that availability was not there, and the implication, the risk to the patient? Because we're constantly being told here that patient risk is not an issue, that people—

Mr. Bruce Wade: Quite frankly, if the helicopter is not available because there's no pilot on it or no paramedics on it, that's a risk to somebody.

Mr. Frank Klees: Do you have a specific example that you personally are aware of where there was a significant result to a patient, perhaps that a patient died, in terms of your recent experience, because the helicopter was not available?

1550

Mr. Bruce Wade: We would only hear through the land medics that a call that they were on that we were called for—they were asking for our help—went unfilled, because if a call came in to the dispatch centre and we weren't staffed, we'd never get the call. So you find out these things after the fact, when they ask you at the hospital, "Where were you on such-and-such a day? We were down Highway 61. We had a car rolled over; we needed you. Where were you?" We were sitting at the base with no medics.

So from the actual date or day of an occurrence, unless we were privy to the call information coming in, we wouldn't even hear about it.

The Chair (Mr. Norm Miller): You have a minute and a half.

Mr. Bruce Wade: I'd like to also wrap this up—we did have an incident a number of years ago where there was a plane crash north of Thunder Bay, approximately for us about a 40-minute flight. We were fuelled, ready to go, and they sent us to Ignace to pick up an inter-facility transfer patient. We were begging, "What about the plane crash?" All we got back from the communications centre was, "It's unconfirmed." Well, I'm sorry, but it's not unconfirmed. Thunder Bay is a major airport. In one case, this particular aircraft that went down was actually a Ministry of Natural Resources contractor who flies as an observation plane or a Bird Dog plane for the air tankers. We knew the plane. We knew where it was. We knew when it was down. We couldn't go and help.

Mr. Frank Klees: I want to close with this question, then: As a helicopter pilot, you are serving in a provincial air ambulance service. In your opinion, who at the end of the day has ultimate responsibility to ensure oversight of our air ambulance service?

Mr. Bruce Wade: Oh, that would have to fall with the Minister of Health, whoever the minister of the day would be.

Mr. Frank Klees: Thank you.

The Chair (Mr. Norm Miller): Thank you very much. We'll move to the NDP. You have four minutes. That brings everybody up to 25.

Mr. Jagmeet Singh: Sure; thank you very much.

Thank you very much for your deputation today. At the tail end of the Liberals' questioning, a proposition was put to you, but you didn't get a chance to respond to it because the time had ended. I'd like you to respond to that, just to clarify the difference between why some of the fixed-wing pilots are happy with their circumstances and why that's not taking into consideration the different circumstances of the rotary-wing pilots. The question was thrown out there in the air, why can't helicopter pilots transition into the new equipment and why is that difficult? And what's the difference between the fixed-wing and the rotary-wing situation?

Mr. Bruce Wade: There isn't a problem transitioning into the new equipment for the pilot. The training is quite comprehensive. It's terribly expensive as well. You've got to realize, these are \$125,000 worth of training going into this to transition on to this new aircraft. So it's a ground school component, then two weeks, approximately 48 to 50 hours, in the simulator. So the transition to the new equipment isn't a problem. It's a lot of work, but it should be a lot of work because it's a very technically advanced aircraft. So there isn't a problem there.

Now, of course, our bases aren't going to get it for the foreseeable future, so that has put everything to a grinding halt.

Am I on the wrong—

Mr. Jagmeet Singh: You're right.

Mr. Bruce Wade: Am I on the wrong track?

Mr. Jagmeet Singh: You're on the right track, just to answer that question of what's the difference. You've explained some of the difference. One, you're not going to get the helicopter; and two, the training that's required is quite expensive.

Mr. Bruce Wade: It is vastly more than the fixed-wing aircraft.

M^{me} France G  linas: But also if you can focus as—you came all the way down from Thunder Bay. You're pretty motivated to see changes. We get this letter from the fixed-wing that says, "Thank you very much; attaboy; good job; we're so happy." Then we get you, a pilot with years of experience who takes the time to come down here and tell us, "Come and help us. Things are not good." How come it could be so different? You're under the same new management. You're under the same new rules. Why do we have "attaboy" on one side and on the other side we have you coming here saying, "Help me"?

Mr. Bruce Wade: Well, a lot of our fixed-wing colleagues come from older equipment, perhaps less capable airplanes, into a pretty nice airplane—technically advanced. But a lot of them are also coming in in very junior positions, building their time, building their experience and moving to other operators like WestJet or Porter or the airlines. It's where most of them want to go—not all; some want to stay with medevac, and kudos for that. So they're very happy to get an opportunity on a

new aircraft type, new navigation types of equipment, technologically more advanced equipment so they can move on to the other operators. And they should be happy because it's a good opportunity for them. Those who want to make their career and stay also should be happy.

But on the helicopter side, we're not moving on. We're at the top end of the industry now, and we want to make sure that the culture to operate properly is there. We want to make sure that all the staffing level is there. We don't want to see our training eroded as has been evident lately. We want to make sure that we're using those full-motion simulators. The simulator mentioned in the letter isn't a true simulator; it's a flight-training device. It's a bank of screens; it's a procedures trainer. You're not on full motion. You go and do your training and then you do your check ride in the airplane. For us, we're using simulators that are every bit as complex as a 777 simulator. This is stuff where you could go in and you could train all procedures, all emergencies, all eventualities, right up to the point where you can be certified to fly that aircraft when you come out of the simulator and a full Transport Canada check ride. It's vastly different between the complexity of the helicopter operation and the simplicity of the fixed-wing operation.

Kudos to them. I think my colleagues on the fixed-wing side are doing some good work. But on the helicopter side, it needs work.

The Chair (Mr. Norm Miller): Thank you, and we'll move to the government for four minutes of questioning.

Mrs. Liz Sandals: Just as a sidebar here so all the committee members understand: Mr. Klees had asked earlier if the minister would be able to return on Thursday from 4:30 to 7. Minister Matthews will be out of the country on Thursday. She was headed in the other direction, but she can make her way back and be here at 5:30. She was headed for London, but she is willing to turn around and be back at 5:30 today. So if you would really like to hear more from Minister Matthews, she will make herself available from 5:30 to 7. Obviously, we need to let her know which direction she should be heading in, east or west.

Mr. Frank Klees: Chair, I think that the minister should turn around and come back. We look forward to seeing her.

Mrs. Liz Sandals: Okay. She will be here at 5:30, then.

The Chair (Mr. Norm Miller): Okay, thank you for that. And we still—

Mrs. Liz Sandals: And we still have time.

The Chair (Mr. Norm Miller): You have another three minutes.

Mrs. Liz Sandals: Sorry for that little interruption.

Mr. Bruce Wade: Before you start, I'd like to actually invite all the members of the committee and the minister to come to Thunder Bay and talk to us sometime and see what's really going on. Listen to people. It shouldn't be an Ornge propaganda piece. Talk to us on the front lines. Take a random sampling. You'll hear dif-

fering opinion. You'll hear impassioned pleas. We want to do our jobs.

Mrs. Liz Sandals: I know that Minister Matthews has visited some of the bases, so we will pass that along to her, that she has an invite to Thunder Bay.

You spoke about the concern that helicopter pilots had, which is their expertise at Ornge with respect to helicopters. I take it the majority of the air ambulance helicopter pilots have moved from Canadian Helicopters to Ornge. That sounds to me like that expertise is building. Why this concern that there will be no expertise?

Mr. Bruce Wade: There's no historical operational experience on the infrastructure that you need behind the scenes to make helicopters operate properly.

My engineering colleagues have told me that they're always short of spares. I know for certain there was a helicopter on the ramp in Thunder Bay that had been stripped of tail rotors, rotor blades and other components to put parts in another machine.

Mrs. Liz Sandals: This is the old helicopters.

Mr. Bruce Wade: Yes, correct. I'm hearing things from others that—even with the new aircraft, there are some maintenance issues. They don't have enough parts; they don't have enough spares. There doesn't seem to be a supporting infrastructure that has the depth of experience and expertise needed to put all the pieces together. Again, if there is, I don't see it. I stand to be corrected. But it doesn't seem that way. We hope, again, that that kind of a culture is there, but we're just not seeing it.

Mrs. Liz Sandals: Because I know in something I've seen, it does discuss the issue of spare parts for helicopters, that being a somewhat different issue than spare parts for fixed-wing. I'm sorry; I don't know where that piece of paper went through my head, but it is an issue that I believe has been recognized.

I guess I'm just a little bit frustrated that there's just this, "No, you can't do it. Fixed-wing can do it, but helicopter can't." I'm trying to get a grasp on why—

Mr. Bruce Wade: Well, again, as I said, the bulk of the managerial structure all come from either airline backgrounds or fixed-wing operations of some sort. None of them, except for one individual, perhaps two, come from a helicopter side, and of those one or two individuals, none of them come from the medevac side, so they don't understand that we're not a scheduled airline service. We're not an inter-facility transfer that gets a call to go two hours from now. When we get a call, we go now. We have a 10-minute response time, which we could actually do if we had medics and fuel supply at our base. We don't even have fuel.

So I don't think they understand just what helicopters are all about—

Mrs. Liz Sandals: But that's exactly—

The Chair (Mr. Norm Miller): And we are out of time.

Mrs. Liz Sandals: Okay. I was just going to say that's exactly what the medic that we were talking to this morning was talking about: getting on a helicopter, one of the

new helicopters, and just having a few minutes to get out of there, once you got the call.

Mr. Bruce Wade: We're a good team. You should see it work.

Mrs. Liz Sandals: What I heard this morning, in fact, was that team of the paramedic and the helicopter people getting out of there.

Mr. Bruce Wade: Sure.

Mrs. Liz Sandals: Obviously, in London, there was an understanding of this.

Mr. Bruce Wade: But that doesn't come from the upper echelons of Ornge Air. That comes from the front-line pilots and paramedics who have done this job for years, that are a team, that can get the call, respond, get in the thing and get it airborne and get it to an accident scene in minutes. That's what we do. That's not what the administration does. That's what we do, and that has to be recognized. Whether it's the fixed-wing pilots responding to their calls—they do a good job. Whether it's us responding to our calls—we also do a good job, but we can't do that unless we have proper staffing all the way through, and a supporting cast behind the scenes that understands what we do.

The Chair (Mr. Norm Miller): Thank you very much, Mr. Wade, for taking the time to come down from Thunder Bay to come before the committee. It's very much appreciated.

The committee will be recessed until 5:30 this afternoon.

Mr. Frank Klees: So, 5:30 until 7?

The Chair (Mr. Norm Miller): Yes, 5:30 until 7. Thank you.

The committee recessed from 1604 to 1739.

MINISTRY OF HEALTH AND LONG-TERM CARE

The Chair (Mr. Norm Miller): Okay, I will call this meeting to order. We have an hour and a half or so for questioning the minister. Thank you, Minister, for coming back. All I would ask this evening is that we respect each other's time so that we don't have to have standing orders that set certain amounts of time for questions and answers. If everyone respects each other, that would be great. The NDP is going first this evening. Ms. Gélinas.

M^{me} France Gélinas: Thank you. Long time no see, Minister.

Hon. Deborah Matthews: Happy to be back.

M^{me} France Gélinas: I'd like to, more or less continue, where I had left off. That has to do with the warning signs that had gone off. I'll start with the freedom of access of information. So on March 25, 2010, the NDP filed a freedom of access of information; we want to know where Dr. Mazza's salary has gone. We get an answer back from your ministry on June 2 that tells us that they have 19 records that were found, responsive to our request, and that they've also gone to the emergency health services branch, and another 13 responsive records

were found, but they were not able to grant us access to any of these records.

So we're now at June 22, 2010. This has been done. Nothing can be shared with us. But that information gave Ms. Patricia Li, your assistant deputy minister, and Ms. Janice Crawford, who was director of legal services branch at the time, that information. Did they share that with you?

Hon. Deborah Matthews: No, and I think it's very important that you understand what a responsive record is. A responsive record does not necessarily mean that we have the information that you're looking for. In fact, when Patricia Li was here, she testified. If you review her testimony, you will see that she made it clear: We did not have those numbers; we did not have those numbers until late December 2011.

I have a lot of respect for you. I know you're wanting to get at the truth. The truth is, we did not know how much Chris Mazza was making until we got a reply in late December—I think it was December 22, if I'm correct—following my meeting with the chair and with the COO. We got that number. That number was outrageous. It was twice as much, almost, as the highest-paid hospital CEOs. It was an outrageous number. That was the trigger, and that is when I knew there was something seriously wrong. It was one thing to hide numbers and use lots of legal arguments around why they could do that. It was another thing to have a number that was inexplicable, and then to find out later that, in addition to that, there were personal loans from Ornge to the CEO.

But when I heard how much Chris Mazza was getting paid, that was when I said, "The party is over. Send in a forensic audit team." And the forensic audit team started immediately—I think December 23. That was when we started to get the information that I think this committee is aware of now.

M^{me} France G  linas: But the point I'm making is that, had you asked back then—I mean, we had many people come and testify. Whether it was—Maria came, and Rhoda Beecher came this afternoon, and we asked her, "Did the government ever ask you how much Dr. Mazza was making? Did you ever get a request from the freedom of access to information that the NDP had put forward?" They all said the same thing: She knew exactly how to get the number. Had the government asked, she could have shared that, but the government never asked.

So the question remains. More than two years have passed now. We're in March 2010. This information is asked of your ministry because we have a suspicion as to what his salary is at, yet nobody goes and asks Ornge what the salary is.

Hon. Deborah Matthews: That's not in fact correct. We did ask. Responsive records would indicate that there were questions. We just didn't get answers. You heard Dr. Mazza here when he testified. He was asked—perhaps by you—"How much were you earning?" and he still was using a number that is far, far less than his compensation. So those numbers were kept hidden. Even when other members of the Ornge executive team volun-

tarily agreed to disclose their salaries—even though technically, they weren't required to do that—Dr. Mazza refused.

Mr. Jagmeet Singh: If you agree that the salary was one of the biggest red flags, and if there was a request to disclose that salary and you didn't receive the information at that point, the issue is: Wouldn't that have set off some alarms? We were asking for this information, back in 2010, and we got some responsive records, but they didn't actually give us the information we wanted. The question that my colleague is asking is essentially that, once you received those responsive records that didn't give you the salary, wouldn't it be incumbent on you or officials at the ministry to be like, "Okay, we're paying the entire budget of Ornge. The CEO is not disclosing his salary, for whatever reason. We should do something further," like what you did, which was great, when you called and said, "Listen, I want that salary disclosed now," and you got it disclosed. Why wasn't that done two years ago?

Hon. Deborah Matthews: Hindsight is fantastic. I, of course, wish I had then the information I have now. I do think that it's important that we learn whatever lessons can be learned from that. We fixed it for Ornge. We've made it very clear they are subject to salary disclosure now, so we fixed the problem.

I guess my question back to you is, what are your recommendations going forward that will make sure this never happens again?

Mr. Jagmeet Singh: Well, the recommendation would be that the institution may have people in it that will try to benefit from it financially. Various groups that are outsourced by the ministry may have people who are CEOs that may try to make more money or take more money. That may happen again, but the ministry and the minister will remain the overseers or the oversight mechanism. It's important for the people who are conducting the oversight to remain vigilant because the institutions that we work with may sometimes make mistakes, may do things that are improper, but it's incumbent on the government who's paying the cheque or footing the bill to put the checks and balances in place.

Hon. Deborah Matthews: I completely agree, and that is why we have done every step we have taken since the Auditor General's report, since some of these wrongdoings came to light. We have put in place the right oversight.

M^{me} France G  linas: But Minister, let's say another agency shields its salaries, we file another FOI, and you still don't get an answer. Why did it sit there? If you did go and ask, and you didn't get an answer, why didn't you do something at that time to say, "No, you will have to give us that information. That information is information that should be available to the ministry." What assurance do we have that there aren't another two or three Ornges out there?

Hon. Deborah Matthews: As I say, hindsight is 20/20. Yes, when that salary did not show on the list—

M^{me} France G  linas: Will it happen now? Will there be follow-up if there is a request for a salary disclosure, and it doesn't come forward? Will there be—not only from Ornge but from the entire—

Hon. Deborah Matthews: I can assure you that we will be ever-vigilant on that issue. I think it's important—

M^{me} France G  linas: But how can you assure us of that? Ministers change; ADMs change.

Hon. Deborah Matthews: I think that is one lesson that we have all learned. That was something that, if I could do it again with the benefit of hindsight, I would have pursued further. I suspect that you, as an opposition critic, wish that you had pursued that. I suspect that the Conservative Party, if they could do it again, would have pursued that. We all had access to the same information.

M^{me} France G  linas: No, you had access to some records. We didn't know if you knew or not. We knew that you had 19 records, that you were not willing to share those 19 records. We did not know that, in those 19 records, you never got the answer you wanted. Only you knew that.

Hon. Deborah Matthews: You knew that they weren't on the sunshine list.

M^{me} France G  linas: Absolutely. That's why we filed an FOI.

Hon. Deborah Matthews: You knew they weren't on the sunshine list, so—

M^{me} France G  linas: And that there were 19 records telling you what their salary was going to be.

But I'm going to go to estimates—

Hon. Deborah Matthews: I just want to be clear also that the FOI process is completely independent from the minister's office. I am not involved, nor is my office involved, in FOIs.

M^{me} France G  linas: But next time that somebody FOIs a salary from the sunshine list, and they don't get an answer, I'm hoping they'll let you know.

Hon. Deborah Matthews: I think that is a very important recommendation that might come out of this committee as a way to move forward. What is the best advice you can give, not just me—

M^{me} France G  linas: If I don't give you the advice, will you do it anyway?

Hon. Deborah Matthews: I will absolutely do it anyway. I think you can rest assured.

M^{me} France G  linas: All right.

The next one has to do with estimates. Same scenario: Here we are; the NDP asked 47 questions about Ornge. You couldn't answer those questions. You promised answers. Those answers never came. That leads us to believe years later that you did get the answer, didn't like what you saw and tried working on it or doing something. To think that those questions were out there and they simply went to the garbage—which one is it?

Hon. Deborah Matthews: We've been over this territory before. You asked my deputy, when he appeared, about that very issue. He said that it should've been responded to. It wasn't, and he apologized for that. That's all I can say as well.

M^{me} France G  linas: But here again comes the—are there other Ornges out there? Are there other questions we asked—both opposition parties, actually, by that time were asking questions about Ornge. Both of us were kind of expecting answers to come forward—well, I'll stick with my party. We expect answers to come forward; they didn't. Then I have a deputy who comes and says, "I'm sorry it didn't come." That's not enough. I want him to say, "Well, next time the opposition raises 47 questions, we will follow through. We have changed. We have learned. We've done something different"—because right now, where I sit, it looks like the same thing could be played out by the same players exactly the way it went with Ornge 100 more times.

1750

Hon. Deborah Matthews: We all have a role to play. I mean, there is a role for government, there is a role for opposition, there is a role for the Auditor General; there's a role for the media. In this case, all of us wish this had come to light sooner, but in fact it has come to light. Many, many people are no longer employed at Ornge as a result of that work.

We would all like to have seen that happen sooner, but in the end, we got to where we needed to get to.

Mr. Jagmeet Singh: Just to change track a little bit, Dr. Mazza testified here, and I'm sure you're very familiar with his testimony. One of the issues that came up was that he testified—and actually, not just Dr. Mazza; many other individuals testified, and some bureaucrats also supported this and corroborated—that there was regular communication from Ornge advising what they were doing in terms of things that are not questionable, in terms of corporate restructuring—not numbers that may have been fudged; let's put those aside. We know for certain that the corporate restructuring that resulted in the salary of Dr. Mazza being hidden was disclosed to the ministry. The for-profit entities were all disclosed to the ministry—

Hon. Deborah Matthews: And to the opposition parties.

Mr. Jagmeet Singh: Yes—and the new strategy of integrating the aircraft side into Ornge was all disclosed to the ministry. All throughout, every step of the way, Dr. Mazza testified that the minister was apprised of the direction that Ornge was taking and the structure in which they were setting everything up.

First of all, do you agree that you and your ministry were apprised while you were minister, from 2009 to 2011, that during that time period, those two years, you were apprised of what was going on at Ornge in terms of overall structure and strategy?

Hon. Deborah Matthews: There were parts of Ornge's information that we did get, numbers not always accurate, some stuff hidden. But what really went bad at Ornge, the really rotten part of Ornge, were items that were never disclosed.

Mr. Jagmeet Singh: Which were?

Hon. Deborah Matthews: Well, think about this for a second. Do you think that if I had had a conversation

with Chris Mazza, he would have said to me, “Now, don’t tell your ministry officials because I’m not telling them and don’t tell the Auditor General, but I pay myself a huge salary”? Do you think he would have said that? Do you think he would have said, “Not only am I getting this huge salary, way bigger than any hospital CEO, but I’ve also got this fantastic agreement where they’re loaning me money to pay for my house renovations.” Do you really think he would have told me that?

Mr. Jagmeet Singh: Well, what he did tell you, though, is, “I am going to restructure Ornge so that I can hide my salary”—

Hon. Deborah Matthews: No, that is not what he said.

Mr. Jagmeet Singh: He very clearly indicated that there would be a new structure that was going to be in place that would shield him from having to disclose his salary. That was presented to the ministry. That new structure was presented to the ministry, which in fact allowed him, gave him the opportunity, to shield his income. That was disclosed. The new strategy of how to purchase the aircraft and integrate that into Ornge, that whole strategy was disclosed. The idea of having the for-profit entities in different countries, going out and seeking business in Brazil and going to Jacksonville and Atlanta—all that was disclosed to the ministry. You had those flags.

Hon. Deborah Matthews: I think it’s really important that we distinguish between what their plan was for exporting Ontario’s success to the rest of the world—that was something we were aware of. We were also aware of the establishment of a foundation that would raise money, that would generate money that would be fed back to the Ontario air ambulance service. We were informed of that. It was a *fait accompli*. We were informed of it and it was made very clear: “This has nothing to do with the contract we have with you to deliver air ambulance services.”

What was completely hidden were all of the other issues that came to light when the forensic audit team went in, when the Auditor General went in. There were some very unsavoury practices, that we’re all very familiar with now, that were never disclosed to the ministry and never disclosed by Chris Mazza. It was after Chris Mazza was ousted that that information—much of that information—came to light.

M^{me} France Gélinas: But we also have, like, a dozen whistle-blowers that have come to committee, that have said that they have gone to your ministry and they told you that Ornge was running amok. But here again, none of that information triggered any action. They’re starting to pile up: an FOI that triggers no action; a pile of questions in estimates that triggers no action; whistle-blowers—at least a dozen of them—that trigger no action.

Hon. Deborah Matthews: I can tell you that every time there was a correspondence from an employee at Ornge, it was investigated—every single time. I can also tell you that information was passed on to the Auditor

General. We knew the Auditor General was doing an audit of Ornge, and we passed information on to the Auditor General.

M^{me} France Gélinas: Yes, but we’re now in the spring of 2011 by the time the Auditor General goes in.

Then there’s the briefing that Mr. Klees shared with you this morning. I mean, you’ve now had almost six hours to look at it. Can you place this briefing a little bit better as to if you’ve seen it before or if you know what this is about?

Hon. Deborah Matthews: The document that Mr. Klees tabled today?

M^{me} France Gélinas: Correct.

Hon. Deborah Matthews: Yes, I can tell you that the ministry prepared these documents as they were preparing for the Auditor General’s report. I can tell you that there are lots of reports in the ministry that I would not see. There’s lots I do see, but there is a lot of information that I do not see. I think any minister of any ministry, no matter what size, would say that they do get information after a lot of work has happened within the ministry.

This document was never intended for me personally, as the minister, to see. It was meant for senior ministry officials as they prepared for the auditor’s report.

I have to say that this is just one more example of Mr. Klees’s fizzled bombshells. He drops a bombshell with great fanfare, all sorts of bluster, but then when we actually look into it, we see that there might be a shred of truth but there is almost never the whole story there. This is just one more example.

What I can tell you is that ministry officials subsequently confirmed that Ornge Issuer Trust is the bond issuer. The ministry is not a guarantor; the government of Ontario is not a guarantor. Taxpayers are protected.

Now, Mr. Klees wanted to, yet again, put information out there that was not true, and we saw that again this morning.

M^{me} France Gélinas: So we have an FOI request that triggers nothing. We have estimates questions that trigger nothing. We have whistle-blowers who trigger nothing. We have top officials working on threats to the ministry regarding Ornge. We have MNP also—the audit did say some good things, but they also said that there needed to be better communication about the obligations under the performance agreement. But we see no evidence that there are actions that were actually put into place after that audit was done.

Hon. Deborah Matthews: So we have made—

The Chair (Mr. Norm Miller): And you’re on your last minute.

M^{me} France Gélinas: A minute? Okay.

Hon. Deborah Matthews: We have made significant progress. It’s clear that the original performance agreement did not foresee the new structure, and it simply was not adequate. We have rectified that. We have much stronger performance oversight there now.

On the old performance agreement, we had to give them three years’ notice to terminate the agreement. Government now can amend the performance agreement

unilaterally. We don't have to negotiate it with Ornge. It is much stronger oversight.

M^{me} France Gélinas: But it still leaves us with the impression that for two years, you didn't know what was going on at Ornge, although lots of red flags were going up. It leaves us with the impression that there were things going on within your ministry that they should have flagged to you and that they did not flag to you. It leaves us with the impression that you did not know what was going on, although your main role is to have oversight.

I don't want you to know every detail; that's not what a minister is there for. But when there are so many red flags going up, I would have liked faster action, faster than December 2011, at least before quality of care started to go downhill to the point where it did.

1800

Hon. Deborah Matthews: I would just say we all have got a part to play in this, and that includes members of the opposition. You had information; you did not act on it either. You did not ask questions. You did not pursue it in the Legislature. We all have a part of this; we all have a part of this.

The Chair (Mr. Norm Miller): Now we'll move on to the government. Who would like to ask questions? Ms. Sandals.

Mrs. Liz Sandals: Thank you for your quickly scheduled return trip to the committee.

Hon. Deborah Matthews: Well, thank you all for being here again.

Mrs. Liz Sandals: We're just all sitting here with bated breath.

During your introductory remarks this morning, you highlighted six areas of reform that you are implementing in order to turn the corner at Ornge. I'd like to go and have a bit of a closer look at those six areas of reform, but before we do that I'd like to make a couple of comments.

You really spoke very passionately this morning about your resolve to improve things at Ornge, and I think we all felt that passion. You reflected on the fact that there's much more to do. You called on us as a committee. You pointed out that we've been at this for four months doing public hearings, 70 hours of testimony. I think we're up over 600 pages of transcripts now. It's time that we start to think about looking at solutions.

We've heard from I think pretty much all the major players as of this afternoon. We've got a few more people we'll be hearing from over the next few days, but we've certainly got senior executives past and present; people from the ministry past and present; all the ministers with the exception of Mr. Clement, who set this all in place; legal counsel; lobbyists. You name it; they've been here. I agree with you that we've gotten to the point where we need to start looking forward. The committee needs to start focusing on some of the recommendations that we should be making to the Legislature. I've actually, since you were here this morning, tabled a motion that we'll be debating tomorrow morning bright and early

to try and move on to working on just that, working on the report-writing phase of the committee's work.

But before we do that, one of the things that my colleague Phil McNeely introduced today was a letter that we all received yesterday from a pilot from Thunder Bay. I think it reflects, first of all, on recognizing the work that you've done, because he does say, "The Honourable Deb Matthews's installation of Mr. Ron McKerlie as interim CEO, and the major corporate restructuring that followed, gave us a sense of hope that we would be able to continue to serve the people of Ontario as medevac pilots."

But I think he also picked up on the frustration that the front-line workers are feeling at Ornge as we continue to discuss everything negative and seem to be stuck in this negative place, when what we need to do is fix the problem.

In the words of Mr. Binderup, "What we were not prepared for was the way the media and some members of the provincial government portrayed the operation and what we do. We were portrayed as a burden on the system, called a safety hazard, an accident waiting to happen. We have been misrepresented by the press, and have even been jeered publicly, and there have been many other derogatory statements made about the operation or the aircraft. In one case this spring, there was an accident by one of the private ... carriers which prompted an article in a rural newspaper which actually showed one of our aircraft"—that is, the Ornge aircraft—"and stated that an 'Ornge PC-12' was involved in an accident, completely misrepresenting our operation and especially the level of safety we work so hard to maintain. I have read online comments to articles printed about Ornge where the public has commented that we 'all deserve to be fired.' And for the most part we were powerless to defend ourselves."

He goes on later in the letter to talk about the aircraft because one of the things that we've heard repeatedly from Mr. Klees is a criticism of the aircraft themselves. And as one of the pilots of those aircraft, he said, "We operate 24 hours a day, 7 days a week, 365 days a year. The aircraft that we fly, the Pilatus PC-12NG, is one of the most state-of-the-art aircraft in its class. With this aircraft, we have more technology and safety features at our fingertips than many of the airliners in operation at the major airlines today. Our maintenance department is second to none, and keeps these aircraft in top condition. The aircraft is extremely well suited to the types of flying we do. A mission can take us into a northern reserve with its gravel (or in the case of winter, snow-covered) runways one minute, and then major airports like Pearson International the next. And not only is the aircraft top-notch, our flight crews are equally trained to be ready for any mission (we have some of the highest time PC-12 pilots in Canada). To my knowledge we are the only PC-12 operator in Canada that sends all of its flight crew, captains and first officers alike, for simulator training before they even set foot in the actual aircraft. (Transport Canada only requires captains to receive simulator

training.) And our crews always keep the highest level of safety at the forefront of everything they do. We fly in many adverse weather conditions all year round that require the best of any pilot. And we do it because that's our job ... we are medevac pilots.

"There have been issues raised that there are not enough paramedics to staff all the aircraft that Ornge operates. While I cannot speak to optimal staffing levels, I can say that there are many, many cases where the weather precludes the helicopters from being able to respond to a call, where the PC-12 aircraft is subsequently dispatched. And yes, in those cases it is often the helicopter medics that are dispatched on the PC-12. For our part, we are there to fly aircraft and respond to the calls of people all over the province of Ontario who may need us. And if we can respond to that call safely, then we do. All you need to do is go to the Ornge website to see how many thousands of miles we fly each and every day serving the needs of the people of Ontario."

What struck me, because often we will get letters from people—obviously, this was a very articulate letter from somebody who really passionately wanted to defend the fixed-wing aircraft pilots out there who are working so hard. What really struck me was this morning, we got a flood of emails from other aircraft pilots saying they agreed with this letter, they supported it. So you could feel that the aircraft pilots wanted to speak out and wanted the committee to know that they have a lot of faith and a lot of pride in the system.

The responses that we got were from—some pilots identified where they were from. We heard from pilots in Thunder Bay, pilots in Sioux Lookout, pilots in Timmins, pilots who didn't necessarily identify where they were from, but it wasn't just pilots at one base. We're clearly hearing, in these responses, from pilots from all over the place.

I quoted one pilot from Thunder Bay earlier this afternoon when you weren't here, but he made a really interesting comment. He said, "I have flown as a medevac pilot on and off since the mid-1990s. It was not better 18 years ago or four years ago. It is better now." So, this idea that we should just go back to the good old days.

Quickly, just going through these, "I 100% support everything that Poul-Erik has stated...." Another one, from Timmins: "I ... support this letter." "I support your letter to the standing committee." It goes on; there are about 25 of them. "I 100% support this letter...." And it goes on and on: "100% support," "fully support," "I want the standing committee to know what I think," "I support," "I support"—page after page of "I support what Captain Binderup has sent to the standing committee."

1810

There was one here that was interesting because we had one witness who talked this afternoon about difficulties: Did pilots want to work for Ornge? This is somebody who says, "After careful deliberation of the pilot letter to the standing committee, in conjunction with transpired events over the past few months, I would like to formally give you my 100% support. In December

2010, I chose to commit my professional skills and abilities to Ornge starting January 2011. This was based on the decision to make a difference in people's lives. The end result was a move from Alberta to Ontario with the wholehearted support of my family.

"Despite the negative publicity, I walk with my head high as I identify myself with Ornge. I am able to operate a state-of-the-art aircraft in a safe and efficient manner impacting people's lives. Often this is accomplished when other Ornge partners are unable to go due to limiting factors.

"I would like to thank the Honourable Deb Matthews for all the support she has given to Ornge despite political and media pressure. It is unfortunate that decisions made by former employees have resulted in the next 'Ontario scandal.' I believe recent managerial changes enacted by Ron McKerlie will continue to improve operational efficiencies. I believe the majority of staff is committed to the Ornge mission. In my opinion, another contributing factor is the current economic state." And then he goes on to talk about economic factors in the province.

I'm not going to read the rest of them because I've got as many pages still to go as I've already read. But you can get a flavour of the support that we've heard for turning things around and the positive way that front-line staff are feeling.

If we could go back to some of the comments you made when you were here earlier in the day, you first made reference to the fact that we now have a stronger performance agreement in place to govern the relationship between the Ministry of Health and Long-Term Care and Ornge. I wonder if you can speak to the new provisions that have been added to the performance agreement.

Hon. Deborah Matthews: I want to say thank you for reading those comments from pilots into the record. It's very gratifying to know that Ornge pilots know that there are people who are doing everything they can to make Ornge as good as it can be. As I said earlier, we are enormously blessed to have that kind of professionals on our front lines, whether they're paramedics or pilots or the engineers who keep the aircraft running or all of the other people who work in the communication centre and other parts of Ornge. This has been very difficult for them when their reputations have been called into question. So, it's good to know that they're still there, they're still strong, and they are seeing positive change.

So on the performance agreement, I think you've all heard a lot about it. I welcome the opportunity to go a little bit deeper into the details. The old performance agreement had a three-year termination clause. We could not terminate the contract any faster than three years. There is now a one-year termination clause. We did not have access, under the old performance agreement, to vital information: the calls that came in, how many were accepted, how many were refused and why they were refused if they were refused. There was no obligation for Ornge to report all complaints beyond significant adverse

events. Now, Ornge must report everything to us so that we've got information, and to speak to France G  linas's point, we've got information faster now. I think we heard from Brandon Doneff this morning that sometimes they didn't get answers, and now we've got a firm process in place.

The previous performance agreement did not give the government adequate control over the sale of Ornge's assets. Now, the new PA gives the government control over the sale of assets above \$100,000. The old performance agreement allowed inspections or audits only twice a year. The ministry can now inspect any time. There was no oversight of the for-profit entities. Those entities are being wound down, but in the meantime, we do have oversight. There were no restrictions on assuming debt. There was no patient advocate. There were insufficient indicators and standards. There was simply not enough information that was required to be reported under the old agreement, and it was not coming in a timely basis. There was no public reporting of expenses, and there was no requirement for a quality improvement plan. So we have made a much stronger performance agreement.

The other problems were that there was a culture of confrontation. Both the Auditor General and ministry officials report that when questions were asked, they responded with legal documents of many, many, many pages long. So they took a very legalistic, obstructionist approach to the oversight. To say it was a combative relationship I think is not overstating it. They did not provide accurate financial and operational information.

There were other problems, but I can tell you, there will be a new patient advocate. There will be new public reporting, improved reporting of emergency dispatch information. They are now required to include cancelled flights and declined air and land ambulance calls, so we have the information we need to make judgments about their performance.

There's a quality improvement committee to advise the board. That is being undertaken by Dr. Barry McLellan, who many would say is the international leader on this. We are linking executive compensation to those public performance targets. We're giving the ministry the ability to recover funding based on performance. We're ensuring full compliance with the Broader Public Sector Accountability Act. We're requiring regular, detailed financial reports and creating new financial planning controls.

Now, we do have legislation that is sitting there waiting to be passed. I'm very anxious to get that legislation passed. It protects whistle-blowers, and I think we all now know how important it is that anyone at Ornge can speak freely when they see a problem, without any fear of retribution.

We now have the ability to appoint members—or we will, under the new legislation, have the ability to appoint members to the board. We can change the performance agreement whenever we deem it necessary. We do not have to negotiate that with Ornge. A tool that I don't like to use—I have had to use it a handful of times as min-

ister—is the power to appoint a supervisor when I feel it's in the interests of Ontarians to appoint a supervisor to an organization. I recently had to do it in your area—

Mrs. Liz Sandals: Waterloo Wellington CCAC.

Hon. Deborah Matthews: —with the CCAC in Waterloo Wellington. It is not something I like to do, but sometimes that step must be taken. So it would give the minister the power to appoint a supervisor. The Auditor General did identify this as a problem, and we have fixed that problem.

We very much look forward to a new era of accountability at Ornge, because as we all know, this is a service that is of vital importance.

Mrs. Liz Sandals: Thank you.

The Chair (Mr. Norm Miller): Thank you very much. We'll move on to the opposition, then. Mr. Klees.

Mr. Frank Klees: Thank you, Chair. Minister, you became minister in October 2009. Is that correct?

Hon. Deborah Matthews: Yes.

Mr. Frank Klees: In those intervening years since then, the Premier's office met with Ornge, the Premier met with Chris Mazza, the Minister of Finance met with Ornge, officials from the Ministry of Finance met with Ornge, officials from the Cabinet Office met with Ornge and officials from your department met with Ornge. It seems the only person in this government who never met with Ornge is the minister, namely yourself. Here we have people from across the government, over a period of nearly two and a half years, meeting with an organization that's responsible for \$150 million of taxpayers' money, to oversee and administer our air ambulance service, and you never met. In fact, according to Chris Mazza, you refused to meet him when he called on you for a meeting. Why is that?

1820

Hon. Deborah Matthews: As I said earlier—I think this might be the third time I've been over this, but I'm more than happy to answer the question again—I have no recollection of any requests for meetings from Dr. Mazza.

I do, though, have very clear recollections of two different occasions where I went—on one occasion I went to Ornge; I went to the base in London. I fully expected to meet Dr. Mazza there. He did not show up. On the second occasion, in December 2011, I had a very clear request to meet with Dr. Mazza, because I had some very pointed questions to ask him and some very clear direction to give him. He did not show up at that meeting in my office. So it's a bit disingenuous of Dr. Mazza to suggest that I didn't meet with him. There were two occasions, very clear occasions, where I expected to meet with him.

But let me ask you this: Say I had had a meeting with Dr. Mazza; say we had had that face-to-face meeting—I want to ask you a question. Do you really think—do you really think—that Dr. Mazza would have told me everything that he refused to tell anyone else? Do you really think he would have said to me, "Now, ma'am, don't tell the Auditor General about this, and don't tell your offi-

cial about this, but just between you and me, I want you to know that I paid more for those aircraft, because I didn't think we were paying enough. My staff—we heard this in testimony—“negotiated a lower price, and I thought we should pay more.” Do you really think he would have told me that?

Mr. Frank Klees: Let me answer that.

Hon. Deborah Matthews: Do you really think he would have told me that?

Mr. Frank Klees: Let me answer that. That, Minister, is quite a performance that you've just given. I'll answer it this way: Had you conducted yourself with leadership in that meeting with Dr. Mazza, you would have known what questions to ask him, very specifically. You would not have allowed him to play that game.

Mr. David Zimmer: Frank, he didn't show up.

Mr. Frank Klees: What you should have done, if he didn't show up for a meeting, was get on the phone and say, “Chris Mazza, I'm a minister, and let me tell you something, we have entrusted you with our air ambulance service. I'm not happy about how you're conducting yourself, and I demand a meeting with you and your board of directors tomorrow.” That's what you should have done. You clearly didn't do that, and that means that you did not exercise your leadership responsibilities as the Minister of Health. That's it.

Hon. Deborah Matthews: Well, I think once again we have a statement that just does not hold water. On December 15, 2011—that was the date of the meeting that I expected Chris Mazza to show up to—December 15; on December 19, I sent a letter to Ornge, clarifying the purpose of that meeting; on December 21, I directed the forensic auditors into Ornge; on January 11—less than a month later—Chris Mazza was out of work.

I did do exactly what you're advising me to do, so I'm asking you to apologize, please, and withdraw the allegation.

Mr. Frank Klees: No, actually, I won't, Minister, because December 2011 is about two years too late. My point simply is that, under your watch, this scam of Dr. Mazza's was allowed to grow; multi-millions of health care dollars were allowed to be wasted. You should have responded—you should have acted decisively, long before December 2011.

I'd like to go back to a question you refused to answer this morning, and that was my question to you—a very simple question. That was a letter that you received, dated May 4, 2011, from the Ontario Air Transport Association. You did not answer me when I asked if you responded to the Ontario Air Transport Association. Would you try to do that now, please?

Hon. Deborah Matthews: I actually did respond. That letter was referred to the Auditor General.

Mr. Frank Klees: To the Auditor General.

Hon. Deborah Matthews: Yes.

Mr. Frank Klees: Why would you not have responded to that? It was sent to you, not the Auditor General.

Hon. Deborah Matthews: They raised issues that I thought the Auditor General ought to have access to that information, so that was passed on to the Auditor General.

Mr. Frank Klees: Let's talk about some of that information. Apart from the many conflicts of interest that were pointed out in that letter, one of them—this is paragraph 8—states—

Hon. Deborah Matthews: Would you give me a moment please to get—do you have another copy of that letter there?

Mr. Frank Klees: We had passed that—

Hon. Deborah Matthews: Yes, I know you did. Oh, I've got it now. Thank you.

Mr. Frank Klees: Paragraph 8: “Ornge has structured itself in a manner that is less than transparent. It has created multiple companies that blur financial accountability and hide what the real cost of its service is. Ornge and its affiliated companies need to be audited by the province's auditor as a whole entity. Furthermore given the medical—quality, care—“problems and other service issues, it also needs to have an emergency health services branch ambulance service review as required by the Ambulance Act.”

Minister, if there was nothing else in this letter but that singular paragraph that very clearly, from this organization, is saying to you, as the minister, there are serious problems here in this organization, they are less than transparent—they were talking about multiple companies that have been set up. My question to you is: How can you, as the Minister of Health, not immediately call your deputy into your office and say, “We need a meeting with Mazza and his board immediately. There's something wrong here”? Why did you not do that?

Hon. Deborah Matthews: So let me re-quote to you what you just quoted to me.

Mr. Frank Klees: You don't have to. I know what it says. I quoted to you.

Hon. Deborah Matthews: “Ornge and its affiliated companies need to be audited by the province's auditor as a whole entity.” That's exactly what was going on when this letter was received. It was exactly what was going on. You're trying to make a big deal out of something—

Mr. Frank Klees: I'm trying to make a big deal out of the fact that you, Minister, knew what was going on at Ornge long before December 2011 and you did nothing. That's the point I'm trying to make.

Hon. Deborah Matthews: These allegations were all investigated. Do you think I should have received the letter in May and immediately fired the board?

Mr. Frank Klees: No, I think you should have called Mazza and the board into your boardroom to say, “Look, these are serious allegations.”

Let's go on to the next one, and that is, if we could look at 8(ii): “The air ambulance dispatch centre must be put back under the supervision of the”—Ministry of Health and Long-Term Care—“to ensure that it is not being interfered with and that it is able to book flights in

a manner that is in keeping with the best interest of the patient and is economically responsible.”

Surely, Minister, as the Minister of Health, when you read something like that, does it not dawn on you that you should—it’s not a matter of deferring to the Auditor General. His responsibility is not to show leadership; he audits things that are history. What you had an opportunity to do here is to prevent what ultimately the Auditor General had to audit. Why didn’t you pick up the phone at that time and say, “Chris Mazza, bring your board in here. It sounds like we’ve got a serious problem”?

Hon. Deborah Matthews: Every one of these allegations, from an organization that represents companies that were losing business to Ornge—let’s be clear about that—every one of these allegations were followed up on. Within months of this letter being received, the entire senior management at Ornge was gone, the entire board had been replaced. We took action when we became aware and when we had facts to back up the allegations.

Hindsight is 20/20, and we all know that. I am looking forward to your advice as a committee. I know you’ll have personal advice for me. I’m looking at your advice from this committee on what we need to do, moving forward. What lessons have we learned? What do we need to do, if anything, in addition to what we have already done, to right the ship at Ornge? How are we going to make sure that this does not repeat itself?

You have made a career of misrepresenting what is actually happening.

Mr. Frank Klees: That is highly offensive, Minister.

Mr. David Zimmer: It’s true.

Mr. Frank Klees: That is highly offensive, Chair—

The Chair (Mr. Norm Miller): If I could just say, if we could keep the language parliamentary, it would be appreciated.

1830

Hon. Deborah Matthews: What I can say is, you have put politics over patients time and time and time again. Just today, you issued a press release. In that press release, you write, “Lives have been lost.” You have no foundation for that whatsoever.

The officer of the Legislature who is responsible for making that determination has been very clear. I have never before heard of the coroner having to issue a press release in response to an unfounded allegation from a member of the Legislature, but that’s exactly what our coroner had to do.

Mr. Frank Klees: Under whose direction?

Hon. Deborah Matthews: He acted unilaterally and completely on his own. If you are suggesting that I instructed him, think again, because I would never think to do that—

Mr. Frank Klees: Did your office have anything to do with these letters that were read into the record here from the pilots?

Hon. Deborah Matthews: I heard about these letters just today. I’m very pleased that these pilots have—

Mr. Frank Klees: No one in your office had anything to do with that?

Hon. Deborah Matthews: I do not know how they originated. I do not know the answer to that. What I do know—

Mr. Frank Klees: Minister, while you’re on the topic of patients—

Hon. Deborah Matthews: —is that the chief coroner was forced to refute an allegation that a member of this Legislature made, a false allegation—

Mr. Frank Klees: Who forced him?

Hon. Deborah Matthews: If you are suggesting—

Mr. Frank Klees: I’m asking you. You said he was forced.

The Chair (Mr. Norm Miller): If we could just have one person talk at a time.

Hon. Deborah Matthews: —that I forced the chief coroner to do anything, no. You forced him.

Mr. Frank Klees: Oh, really?

Interjection.

Hon. Deborah Matthews: You forced him, because you said things like, “Lives have been lost.” You said that the coroner had not been involved. You described that as yet another—

Interjections.

The Chair (Mr. Norm Miller): Okay, if we could have the other members—Minister, if you can just hold it for a second. Other members, please keep the commentary to yourself. It would be appreciated. If we could get back to having one person speaking at a time, that would be appreciated as well.

Mr. Frank Klees: I have a question. I think it’s still my floor. Is it?

The Chair (Mr. Norm Miller): It is, yes. Go ahead.

Mr. Frank Klees: Minister, you raised the issue of patients, and you boast a new management team and that things are working better and more efficiently at Ornge. Mr. Clerk, if we could distribute these documents.

Just today, Mr. Dearman from Killaloe, Ontario, received a letter in the mail. You may recall that the issue of Judy Dearman was raised in the Legislature. She’s the lady who died, and whether it was as a result of a delay of Ornge being able to airlift her or not—what we don’t know is if she would have lived had she had an early response from Ornge. Mr. Dearman opened this letter today addressed to his wife, Judy. And in the letter, signed by Mr. McKerlie, it says:

“Dear Judy Dearman:

“On behalf of Ornge, Ontario’s air and land transport medicine service, I ask for your assistance in evaluating the care and service you recently received during your transport.”

I can tell you that Mr. Dearman was shocked when he received this in the mail today. He received a call from Mr. McKerlie following the incident, in which Mr. McKerlie apologized. Today he receives this document.

Something as fundamental as tracking patients, something as fundamental as being able to keep track of those who are deceased, should be pretty basic for an organization that draws down \$150 million of taxpayers’ money.

I'd like to know what you have to say to Mr. Dearman tonight.

Hon. Deborah Matthews: This is extremely unfortunate. This is inexcusable. I will personally apologize to Mr. Dearman for this. I will follow up with Ornge to understand how this possibly could have happened.

Mr. Frank Klees: Thank you. Chair, I'll defer.

The Chair (Mr. Norm Miller): Very well. We move on to the NDP. Ms. Gélinas.

M^{me} France Gélinas: Minister, I would like to come back to the corporate structure that was put in place by Ornge. Would you say that your ministry encouraged Ornge to pursue a for-profit business structure?

Hon. Deborah Matthews: I can't speak to that because that was created before I became minister. What I do know is that Ontario has some terrific health care innovation, and there is a market for this kind of business internationally. That was the business that Dr. Mazza was pursuing.

Now—I might actually rethink that answer, given a moment—I do recall that Dr. Mazza was pursuing international business perhaps with the knowledge of government.

M^{me} France Gélinas: So if I ask the question again—

Hon. Deborah Matthews: Yes. When Ornge was established, that was before I was minister, so I wouldn't know about that. I do believe, subsequently, there may well have been. I would have to get back to you to confirm that, but I want to be clear that it may well be that there was encouragement to do that. I just can't speak to that now.

M^{me} France Gélinas: Okay. If you think it through, in the two years that you were the Minister of Health, if Ornge hadn't run amok like it did—if they had normal salaries, if they did not do irregular practices—is the idea of putting forward a for-profit business structure attached to a not-for-profit something you could support?

Hon. Deborah Matthews: I think we have to be very, very careful about that. The intention was that money would flow back into the air ambulance service that serves Ontarians, as is what happens in Alberta. The STARS model, I know, was something that, at the time, was considered to be an innovative model because it did actually have a separate income stream that supported the government-funded operation.

M^{me} France Gélinas: Okay, so—

Interjection.

Hon. Deborah Matthews: But what is important—

M^{me} France Gélinas: It looks like you're getting your answer.

Hon. Deborah Matthews: What is important is that we have a clear separation of public money and private money. When Ornge did come to brief officials in my ministry on this issue, that was the area that got the most attention in terms of the questions: How are we going to protect taxpayer dollars? How are we going to ensure that money that Ontario taxpayers are spending on Ornge is not spent on any of these other pursuits? That, of course,

as you know, is an area that we are not satisfied was respected.

M^{me} France Gélinas: You went in exactly the direction I wanted to go. What kind of answer could Ornge have ever put forward that would have convinced the people who work in your ministry that this corporate structure could, in any way, make sense?

Hon. Deborah Matthews: As I've said before, we have some wonderful health care expertise here for which there is an international market. People from around the world look at parts of our health care system and say "That's exactly what we need" in their jurisdiction. There's an appetite for that internationally. What I would always defend, though, is the separation of the publicly funded service and the for-profit. That's something that—

M^{me} France Gélinas: But how was that done? In January 2011—here you are: your ministry officials are there, your DM is there, a bunch of ADMs are there. They're presented with this spaghetti of a corporate structure, all for-profit, that to this day nobody really can make sense of. How were they ever convinced that what you want—and I believe that you do want to separate the two. How did Ornge ever convince them that they had done that, that they had separated, that your decision and your vision was being carried out?

Hon. Deborah Matthews: Once again, we're going over ground that has been gone over before, so let me just remind you of what Peter Wallace said, the then Deputy Minister of Finance, when he was asked about this question. This was on April 18, 2012. He said, "It is not remotely uncommon for broader public sector institutions to create subsidiaries to try and extract value from other areas of public service activity. This is done routinely"—this is Peter Wallace speaking—"by other areas of the broader public sector. So the mere creation of a subsidiary or an entity would not, in the general rule, raise red flags."

1840

So the issue is, where is the public money? What is the separation between the for-profit and the not-for-profit? How would we—and I'm not contemplating this going forward. We'd have a lot of work to do to ensure that the public was being protected.

M^{me} France Gélinas: Okay.

Hon. Deborah Matthews: Those were, of course, the assurances, explicit assurances in writing, verbally, any way you want to do it. Those were the assurances that were given to us. And I suspect—

M^{me} France Gélinas: But you never checked.

Hon. Deborah Matthews: —I suspect, by the NDP, when you received that letter that showed that very same chart—you received the very same information we did. Now, you're saying, "I didn't see it; I didn't see it." Your party received it. The Progressive Conservative Party received the same document that showed the same structure.

So, as I said earlier, I am quite prepared to accept my share of the blame, but there were many people who had the same information who did not raise issues earlier.

M^{me} France Gélinas: So if you accept your share of the blame, can we expect that there will be changes within the ministry? We know that Ornge went bad and mega-changes have been done there. But we also know that the government fell flat, your ministry fell flat on many accounts. When can we expect changes there? When can we expect reassurance that things have changed?

The Chair (Mr. Norm Miller): You have a minute left.

Hon. Deborah Matthews: We have seen significant change, and you've heard from front-line staff who have talked about that. Brandon Doneff this morning had comments to say about what has changed in terms of coverage of paramedics. He saw that change.

M^{me} France Gélinas: No, not at Ornge. I know changes are at Ornge. I'm interested in changes in your ministry.

Hon. Deborah Matthews: The ministry now has the performance agreement that they need to provide the proper oversight. They are getting access to information from sources they now trust, and complete information, real information, not inflated or padded information. They get the information that they are asking for so they will be able to provide the oversight now that they never could have before.

M^{me} France Gélinas: Dr. Mazza told us that people within your ministry encouraged him to continue with the for-profit. He felt he was encouraged, that he was understood, and he received encouragement from your ministry to keep on. Who did that? Who encouraged him to continue with the for-profit ventures?

Hon. Deborah Matthews: I guess my question to you would be, can you really pick and choose what testimony you believe from someone who, I think, it's pretty well established—it's pretty well established that he was not—

M^{me} France Gélinas: So you're saying he was never encouraged to continue—

Hon. Deborah Matthews: No, I'm not saying that. I'm not saying that because I don't know that. But what I can tell you is, there was enough—

M^{me} France Gélinas: Could you find out who encouraged him to continue?

Hon. Deborah Matthews: Sure. I'll do my best to do that. I'll undertake to do that.

The Chair (Mr. Norm Miller): Very well. We'll move on to the government. You have 10 minutes.

Mrs. Liz Sandals: Ten? Okay, thank you. Minister, I wonder if we could look at an issue that came up today, which was the issue of how many front-line staff there are. Mr. Doneff talked about the fact that once Mr. McKerlie came in, there was a change and that more staff had been added, and a comfort level that things were moving in the right direction. Mr. Wade, who was here

later this afternoon, seemed to be quite sure no new staff had been added, from his perspective.

I wonder if you've got some accurate information around what, if any, new staff have been added and what are their roles?

Hon. Deborah Matthews: Yes. What I can tell you is that Ornge employs over 600 staff. They're paramedics; they're transport medicine physicians; they're pediatric transport paramedics, which is a specialty of paramedics. There are pilots for the fixed-wings and the rotor helicopters, aircraft maintenance engineers, communications officers and office staff.

When it comes to airplane pilots—and we have heard that there were shortages before—there are 45 airplane pilots. We are now at the full complement of the fixed-wing planes. At helicopter, we have 74 helicopter pilots, which takes us now to 75% of the full complement. So we're making progress, but we've still got some more hiring to do.

Paramedics: There are 217 paramedics working at Ornge, so that is 10 more than we had this time last year.

Of course, we have new expertise at the management level. We've got, of course, the new board of directors; they're a volunteer board of directors, dedicating many, many hours every week to continue the improvement at Ornge. Jim Vair is the new vice-president of human resources. Bruce Farr is a special adviser, operations. People in Toronto probably know the name Bruce Farr, because he has 39 years of experience in EMR. He has a long history of working at Toronto EMS—a very highly respected gentleman. Robert Giguere has recently been hired as a special adviser, aviation. He's a pilot, and he has served in executive positions at both Air Canada and Skyservice Airlines. Wayne Howard is the new vice-president, finance. He has over 30 years of experience in finance in the private and broader public sector.

So there is a very strong new management team in place, and we are adding paramedics and adding pilots.

Mrs. Liz Sandals: Thank you very much for that information. That helps us sort it out.

We talked earlier about the whole issue of where the committee's at, and moving on in the report-writing process, and you've certainly indicated your interest in seeing us move forward quickly. I wonder, when the committee does get around to writing a report and, presumably, making recommendations, what areas would you like to see covered and what areas are you looking for recommendations on that we might be able to provide you with?

Hon. Deborah Matthews: I would never want to limit the recommendations that would come from this committee, but I am very interested in seeing constructive advice on what needs to be done, in addition to the advice that we got from the Auditor General and in addition to the changes that the board at Ornge is making.

I expect that there will be a lot of overlap, because I think there seems to be a pretty strong consensus that we need to move forward on, for example, quality indicators. We have seen tremendous success in our hospitals, now

that we have publicly reported quality improvement metrics in our hospitals. There was a recent report that showed a dramatic decline in C. difficile in our hospitals, in large part because hospitals now have their numbers: They know what their rates are, they know how they compare and they know what they need to do to bring those rates down.

I am a huge believer in transparency when it comes to quality indicators, particularly because people who work in health care are driven to do their very, very best. I've learned that it's part of the DNA of people who work in health care. They went into health care because they want to do well by their patients, and if there's a way to do better, they want to do better.

Having a quality improvement plan in place, where there are clear metrics and progress towards higher quality—we now have, I think, at Ornge and, I think, across the health care sector, we're really building this notion that you have to keep on improving the quality. It's continuous quality improvement involving all of the staff, because this is not something that can be done just by management. Quality improvement, by its very nature, runs throughout the organization. So I would look for advice on quality improvement.

I would also look for advice on what we need to do to really make it clear that this is a service for patients. You know, an observation I have sometimes in health care is that sometimes we lose sight of who's paying for this service and who the service is designed to help. I always say there are only two questions I care about: Is this good for patients? And, is this good for taxpayers; are we getting best value for money? So I really would welcome any advice you have on how to ensure that this is very much a system that is responsive to the needs of the patients and their families.

1850

People interact with Ornge, as someone said in their letter, on the worst day of their lives. Let's make sure that we are there in a way that is respectful of patients, that gets patients to the care they need as quickly as possible on what is the worst day of their life; so, a focus on what patients should be able to expect from their air ambulance service; obviously, any issues, any advice you have when it comes to oversight.

You've got the new performance agreement. Are there changes you would recommend to that performance agreement? I, of course, very much look forward to the legislation, Bill 50, being passed and coming to committee. I will be very interested to see whether there are changes we need to make in that legislation in response to concerns raised by this committee.

I think you've got—you've been very thorough. You've sat for a lot of days, I think four months of hearings—many, many hours of testimony. Everyone has the same goal: They want to make things better for patients. Now, I think your task—and it will be a challenge, I know—is to collect the information, to really give government the very best advice you can. What do

we need to do to move forward, to give the people of Ontario the air ambulance service they deserve?

Mrs. Liz Sandals: And one of the great ironies of all those days of testimony is it just happens that where the apartment that I rent in Toronto is situated, it's not unusual that while I'm sitting having breakfast on my way to Ornge hearings, I see the helicopter coming in in front of my window and landing on the landing pad on the hospital, and I think, "Okay, there's another person delivered for hospital care in one of the teaching hospitals on University Avenue." So I know it's still out there working.

Hon. Deborah Matthews: Exactly.

Mr. David Zimmer: Frank hanging on the running board—

Mrs. Liz Sandals: I've never seen him dangling like that.

Anyway, thank you so much. I think that must be about my time.

The Chair (Mr. Norm Miller): It is indeed. Very well. We'll move on to the opposition. Mr. Klees.

Mr. Frank Klees: Minister, I would like to go back to that document that I tabled this morning, the one that you hadn't seen.

I heard what you said in response to Ms. Gélinas's question about that. You said that ministers get many documents; some they see and some they don't. This happened to be one that you said you didn't see, yet six of your senior bureaucrats did see it and it was specifically commissioned by the director of your emergency health services branch in response to your assistant deputy minister.

This document, now that you've had a chance to review it, refers to many specific questions and concerns about Ornge and what was going on there, as reflected in their financial statements. Apart from the loans that it had occur, it spoke specifically to something that—this document contradicts what you have said, what the Minister of Finance has said and what your bureaucrats have said at this committee, and that is that there is no obligation on the part of the government to honour the debt, some \$300 million of bond offering, that there is no obligation; there is no requirement. This document here makes reference on a number of occasions to the fact that that bond offering relied heavily and, in fact, exclusively on the fact that the only income that Ornge could demonstrate is the income from the government of Ontario.

Section 13 of this document at the very end, I'm going to read it into the record again. It says this: If "Ornge is unsuccessful"—which we know now that it is, because they're referring to the Ornge plan of generating international revenue, and clearly that is not happening. As you said, you're dismantling the for-profit companies and it's going to be a not-for-profit organization. It says, if "Ornge is unsuccessful and the ministry may have increased expenditures with limited value having been extracted and may need to pay twice for the same assets—by being morally if not legally obligated to

assume liabilities. These are both significant risks and Ornge should obtain advice from legal services on this.”

I know what you’ve said. You’re said that legally, contractually, the government of Ontario is not responsible for that debt. We also know, according to this document and according to the public offering, that this coming year, some \$3.2 million of capital has to be repaid to the bondholders in addition to the interest. That has to come from somewhere. There’s no other income that Ornge has.

I just want to ask you this question: When you get the budget from the new Ornge board of directors, will the Ministry of Health agree to pay this additional \$3.2 million that Ornge is obligated to pay the bondholders? If so, does that mean that you will increase the budget for Ornge by that amount, or will Ornge have to claw that back out of their operational budget?

Hon. Deborah Matthews: The first thing I want to say is that this document was an internal working document in preparation for the Auditor General that reviewed a number of issues. I think it demonstrates that officials were looking hard at some of these challenges. It is not a final document. It is a document that was part of the work of the ministry. I can tell you very, very clearly that what was subsequently confirmed is that Ornge Issuer Trust is the bond issuer. The ministry is not a guarantor. The government of Ontario is not a guarantor. Taxpayers are protected.

I want to be very clear that when it comes to the budget at Ornge, this year, we said, “We’re holding the line.” But we are beginning a zero-based budgeting process with Ornge to ensure that we have the right amount of money flowing to Ornge and not a penny more.

I do want to ask you again, please give us your best advice. The time has come. You’ve made lots of allegations, many of which—in fact, I think, virtually all of which—have been proven to be unfounded. You’ve insulted front-line staff. Let me give you another quote: “These incidents are happening on a daily basis. Unqualified and inexperienced people are the reason”—from February 23, 2012. You intentionally insulted every single person who works at Ornge. You’ve had your fun. This has been wonderful, I’m sure, for you. It is time now to put good policy ahead of political ambitions.

I look forward to the recommendations of this committee. I very much want to build on the wisdom that you have all acquired during your many, many hours of testimony. It is time to move forward, and I am asking you to move forward.

Mr. Frank Klees: Minister, that comes from a minister who refuses to accept responsibility for her lack of leadership, her lack of oversight. As the Auditor General said—don’t take it from me—the ministry failed in its oversight responsibilities. You can be personal as much

as you want. The public is observing what has happened. People have died as a result of mismanagement. The unqualified—

Hon. Deborah Matthews: You cannot substantiate that.

Mr. Frank Klees: Let me finish. I let you finish, you let me finish now.

Hon. Deborah Matthews: You simply cannot—you’re making that up once again.

Mr. Frank Klees: The fact of the matter is, Minister—*Interjections.*

The Chair (Mr. Norm Miller): Let him finish.

Mr. Frank Klees: The fact of the matter is, Minister, you failed in your oversight responsibilities. You are blaming this on everyone else, whether it’s Mazza, whether it’s the board—even your own bureaucrats. You are defending the indefensible, and at some point, Minister, you may have the character to fess up to the fact that you failed the people of this province. I hope we’ll see that day; I doubt it very much.

The Chair (Mr. Norm Miller): Okay, Minister; go ahead and respond, please.

Hon. Deborah Matthews: I have always said—and I have said it many times here and outside of this room as well—I take my full share of responsibility for this—

Mr. Frank Klees: Then resign. Then you should resign.

The Chair (Mr. Norm Miller): Please let her respond, Mr. Klees.

Hon. Deborah Matthews: I take the full responsibility of making the changes that are necessary to ensure that Ornge is the kind of air ambulance service that the people of this province deserve. We’re moving forward. We’re seeing progress. I know you don’t like it when people say things are getting better, but we’ve heard it over and over and over again. We are on the right path. We need the help of this committee to get the rest of the way there. I look forward to receiving your report.

Mr. Frank Klees: Minister, you fired Mazza, you fired the board; it’s time to fire yourself. You failed the people of Ontario, and you know it. If you would at least own up to that, I think you’d get some applause. In the meantime, your lack of character is very, very obvious by how you’ve conducted yourself in this hearing today.

The Chair (Mr. Norm Miller): We don’t need to make personal comments. Minister, do you want to respond at all?

Hon. Deborah Matthews: No.

The Chair (Mr. Norm Miller): Okay. I thank you again, Minister, for coming in this evening. I appreciate you making the trip back from Kitchener.

This committee is adjourned until 8:30 tomorrow morning.

The committee adjourned at 1902.

CONTENTS

Tuesday 31 July 2012

Special Report, Auditor General: Ornge Air Ambulance and Related Services	P-501
Ornge.....	P-501
Mr. Brandon R. Doneff	
Ministry of Health and Long-Term Care	P-514
Hon. Deborah Matthews	
Ms. Rhoda Beecher	P-528
Mr. Bruce Wade	P-542
Ministry of Health and Long-Term Care	P-556
Hon. Deborah Matthews	

STANDING COMMITTEE ON PUBLIC ACCOUNTS

Chair / Président

Mr. Norm Miller (Parry Sound–Muskoka PC)

Vice-Chair / Vice-Président

Mr. Toby Barrett (Haldimand–Norfolk PC)

Mr. Toby Barrett (Haldimand–Norfolk PC)

M^{me} France Gélinas (Nickel Belt ND)

Mr. Phil McNeely (Ottawa–Orléans L)

Mr. Norm Miller (Parry Sound–Muskoka PC)

Mr. Reza Moridi (Richmond Hill L)

Mr. Jerry J. Ouellette (Oshawa PC)

Mrs. Liz Sandals (Guelph L)

Mr. Jagmeet Singh (Bramalea–Gore–Malton ND)

Mr. David Zimmer (Willowdale L)

Substitutions / Membres remplaçants

Mr. Frank Klees (Newmarket–Aurora PC)

Also taking part / Autres participants et participantes

Mr. Jim McCarter, Auditor General

Ms. Beth Symes

Clerk / Greffier

Mr. William Short

Staff / Personnel

Mr. Ray McLellan, research officer,
Legislative Research Service

120N
C21
-P72

Government
Publication



P-17

P-17

ISSN 1180-4327

Legislative Assembly of Ontario

First Session, 40th Parliament

Assemblée législative de l'Ontario

Première session, 40^e législature

Official Report of Debates (Hansard)

Wednesday 1 August 2012

Journal des débats (Hansard)

Mercredi 1^{er} août 2012

Standing Committee on Public Accounts

Special report, Auditor General:
Ornge Air Ambulance and
Related Services

Comité permanent des comptes publics

Rapport spécial, vérificateur
général : Services d'ambulance
aérienne et services connexes
d'Ornge

Chair: Norm Miller
Clerk: William Short

Président : Norm Miller
Greffier : William Short

Hansard on the Internet

Hansard and other documents of the Legislative Assembly can be on your personal computer within hours after each sitting. The address is:

Le Journal des débats sur Internet

L'adresse pour faire paraître sur votre ordinateur personnel le Journal et d'autres documents de l'Assemblée législative en quelques heures seulement après la séance est :

<http://www.ontla.on.ca/>

Index inquiries

Reference to a cumulative index of previous issues may be obtained by calling the Hansard Reporting Service indexing staff at 416-325-7410 or 325-3708.

Renseignements sur l'index

Adressez vos questions portant sur des numéros précédents du Journal des débats au personnel de l'index, qui vous fourniront des références aux pages dans l'index cumulatif, en composant le 416-325-7410 ou le 325-3708.

Hansard Reporting and Interpretation Services
Room 500, West Wing, Legislative Building
111 Wellesley Street West, Queen's Park
Toronto ON M7A 1A2
Telephone 416-325-7400; fax 416-325-7430
Published by the Legislative Assembly of Ontario



Service du Journal des débats et d'interprétation
Salle 500, aile ouest, Édifice du Parlement
111, rue Wellesley ouest, Queen's Park
Toronto ON M7A 1A2
Téléphone, 416-325-7400; télécopieur, 416-325-7430
Publié par l'Assemblée législative de l'Ontario

LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
PUBLIC ACCOUNTSCOMITÉ PERMANENT DES
COMPTES PUBLICS

Wednesday 1 August 2012

Mercredi 1^{er} août 2012*The committee met at 0833 in room 151.*SPECIAL REPORT, AUDITOR GENERAL:
ORNGE AIR AMBULANCE
AND RELATED SERVICES

The Chair (Mr. Norm Miller): I'll call the committee to order, then. I believe we have a motion to be discussed, so I'll look to Ms. Sandals.

Mrs. Liz Sandals: Thank you. I'll table the motion.

I move that the Standing Committee on Public Accounts, "the committee," shall commence the report-writing phase of its review of the 2012 special report of the Office of the Auditor General of Ontario on Ornge Air Ambulance and Related Services, "the review," during the committee's first meeting of the fall meeting period of the Legislative Assembly of Ontario; and

That the committee shall continue the report-writing phase of the review during the fall meeting period of the Legislative Assembly of Ontario; and

That the committee shall complete its final report on the review by no later than 60 days following the committee's first meeting of the fall meeting period of the Legislative Assembly of Ontario.

Just note that the motion is deliberately worded to take account of the fact that we don't know precisely when this committee will first meet in the fall, so it's worded to accommodate that unknown, if I can put it that way.

The Chair (Mr. Norm Miller): Thank you. Mr. Klees?

Mr. Frank Klees: Chair—

Mrs. Liz Sandals: Excuse me. I'd like to speak to the motion, if I may, Chair.

The Chair (Mr. Norm Miller): Okay. Go ahead, please.

Mr. Frank Klees: If I might, it might be appropriate—

Mrs. Liz Sandals: Excuse me. I think I've got the floor, if it's my motion.

The Chair (Mr. Norm Miller): She does have the floor, so go ahead.

Mrs. Liz Sandals: This committee has now spent over four months reviewing the Auditor General's special report on Ornge. We've heard over 70 hours of testimony from over 50 witnesses. We've now recalled some witnesses twice, in one case, even three times. The committee has heard from the Auditor General, the Minister of Health and Long-Term Care, deputy ministers and public

servants from across government, former Ministers of Health and Long-Term Care, former deputy ministers and public servants from across government, the management and board of Ornge, former management and board of Ornge, front-line Ornge paramedics, former front-line Ornge paramedics, legal counsel, former legal counsel, consultants, former consultants, and many others, in a comprehensive examination of the facts surrounding the events that occurred at Ornge and the recommendations provided by the Auditor General.

We need to play a role in shaping the public policy decisions surrounding how the government and Ornge move forward to improve the province's air ambulance service. That has traditionally been the role of this committee, which is to provide further advice on implementing the recommendations of the Auditor General.

To do that, we have to begin the task, which I agree will be a difficult one, of parsing through the hundreds of pages of testimony we've heard and thousands of pages of documents we've received and putting together some findings and recommendations. As I said, the purpose of this committee's work is to review the Auditor General's report and make further recommendations on how to strengthen oversight and accountability moving forward. We have a responsibility to Ontario taxpayers, given the amount of money that we have spent reviewing this, to provide some value-added to the taxpayers in terms of implementing the auditor's report and implementing and setting a policy path moving forward.

I hope my colleagues will support moving ahead with report writing so that we can be part of the solution when it comes to moving our air ambulance program forward.

The Chair (Mr. Norm Miller): Thank you. Mr. Klees?

Mr. Frank Klees: I'll defer to Ms. Gélinas.

The Chair (Mr. Norm Miller): Ms. Gélinas?

M^{me} France Gélinas: You're deferring to me?

Mr. Frank Klees: Yes.

M^{me} France Gélinas: No, I'm okay. I have no comments. I'm ready to vote.

Mr. Frank Klees: I have no comments either, other than to say that I find this motion offensive, that the government would choose to shut down these hearings. I think that we have a very long list of witnesses that still have not been called. They are on the list. There are more questions now than there were when we started.

For the government to suggest that we shut down this debate now is shutting down debate—I think the last

thing that we should have happen in this committee or anywhere in this Legislature is that we shut down debate when there's much more to be heard. And so, I would ask that you call the question.

Mrs. Liz Sandals: Recorded vote.

Ayes

McNeely, Moridi, Sandals, Zimmer.

Nays

Barrett, Gélinas, Klees, Singh.

The Chair (Mr. Norm Miller): It's a tie vote, and as the Chair, I'm not going to make a decision that the committee cannot make on its own, so I will vote against the motion.

I would also point out that this motion is not binding on the committee. It very well may have new members, come the fall. At that time, when the new members, or same members, are on the committee, they can, in sub-committee, decide how they wish to proceed, and that may be very well to proceed, as is suggested in the motion, to report writing.

Yes, Ms. Gélinas?

0840

M^{me} France Gélinas: Subsequent to this, we had directed our very capable researcher to start to do a kind of summary of what we have heard and do those summaries by theme. I was wondering if—I don't mean to put you on the spot, but would you be willing to share how this work is going and if you need any direction in writing this report?

The Chair (Mr. Norm Miller): This would probably be a very good time, if Ray is organized, to be able to give an update on what he has planned—

Mr. Ray McLellan: Accomplished to date. I can do this fairly quickly, so I won't get into a long discussion.

We had a chance yesterday just to briefly touch on where I'm going, slowly. I would say too, just to preface it, to go back to Ms. Sandals's comment, I'm thinking along the lines of a public accounts committee and a public accounts committee report as we've done over the decades, so that format is what I'm working towards, if the committee's in agreement with that.

With respect to—I'll just let France finish off here. I think she wants to hear this.

M^{me} France Gélinas: I'm listening intensely now.

Mr. Ray McLellan: I tend to approach this in a very kind of a numbers way as to where I am and where I want to be by the end of the process. When we finish off tomorrow, we'll have had 15 days of hearings. I have finished week 10 in terms of the summary. So when we finish tomorrow, I will be turning to week 11 and, hopefully, within the next two weeks have completed that summary.

Now that's the summary that we had talked about, maybe a month ago, of being—we said what we really need to bridge from where we are to where we want to go

is a document that really identifies the issues and observations. It's not a report but it's just more of a checklist. As you were saying, France, it's broken down by themes. My first pass at it I think I probably had about 20 items, from cabin safety and patient safety, to the bond, and on and on. All of that information, just very quickly, is gathered up by subject area, and then I'll have a longer report on that. I would use that at the end of the day—not that you're necessarily interested in this part, but I would use that information, which would be a longer document, maybe 150 pages, to actually work on a final report.

What I would give to you when I finish off these 15 days of hearings is a document, as I say, that's compressed; it will probably be about 40 or 50 pages long. At least by that point we can go through and we can look at it and say, "Well, these are the main 15 or 20 areas, and this is what we want to focus on."

As Ms. Sandals was saying this morning, it's important that I frame that in the context of the auditor's report. But I would say, in doing that, there's going to be kind of miscellaneous and overlap; in other words, matters that weren't addressed in the auditor's report that were addressed by the committee. So we'll start off with the auditor's report and run our issues and observations in parallel to that to see where Mr. McCarter finished off and what he recommended and what the committee has heard, and then go into kind of miscellaneous and new materials. That will have to be framed in a different format without the preamble of the auditor's observations or recommendations.

That's where I am. In terms of timeline, as I say, my objective, prior to the discussion that we just had this morning, was to wrap up this issues-and-observations paper in September so that it will go along to committee for its first meeting. At that point, presumably, you would look at it and make decisions as to where we're going to go—and, as I say, not to kind of pre-empt what was discussed this morning. Prior to this discussion, that's where I thought I was going, so I'm in your hands on this. I'm making progress and I think getting to where we want to be as far as an interim document.

The Chair (Mr. Norm Miller): France.

M^{me} France Gélinas: I thank you for the update. Ray and I had talked before, so I already knew what he was going to say, but then you added a few.

The part that I think could have value at this point is if you sort of give us a summary page as to what the themes are that you're going to be writing on. I understand that it will be based on the auditor's report. This is why we're here. But at the same time, I think this discussion within the committee could be useful.

Liz and I were on the select committee for mental health. This is the process that we used there, where our first report was basically what we heard. The work you're doing now is very much along the same lines: What have we heard? Depending on which headers you put on those, it would be, I think, a worthwhile exercise for you to share with us what are going to be the different headers in that "what have we heard" report so we could

have a discussion on this to make sure that the work that you do you don't have to redo.

And then my second question is that I would be interested—and I don't know if the other members of the committee would also be interested—in you sharing that with us as soon as it is ready so that, if it's a 40- to 50-page document, we could read it, have a little bit of time to read it and digest it. So rather than wait for the next committee to share, as soon as it would be ready, you would share it with all of us. So I put that on the table.

Mr. Ray McLellan: Certainly that would be the case. In other words, when this document is ready in September, it would go out, well in advance—the minimum we always had was, a week prior to the next meeting, a document would go out for your review. In this case, it would probably be longer than that, so you'll have a chance to kind of wade through it.

With respect to the first question you had raised on the themes and the chapter headings, quite frankly, I'm working on that right now. I don't have it—so, in other words, I don't have it today.

M^{me} France Gélinas: It doesn't matter, but even if you just bring us something really, really broad strokes for tomorrow morning, maybe, when we're all there. I think it is a discussion that will be useful to you, and while the auditor is there also, just so that we all frame it in a way that if we had something in mind—

Mr. Ray McLellan: Right.

M^{me} France Gélinas:—then you have an opportunity to hear this before you put pen to paper.

The Chair (Mr. Norm Miller): Auditor General?

Mr. Jim McCarter: The other thing that might be helpful—I know Ray mentioned following the outline of our report, but you might find you want a different outline. I think what you're getting at is almost like a one-pager, really like a table of contents.

M^{me} France Gélinas: Yes.

Mr. Jim McCarter: You might want to talk about the business model or some of the things that we didn't cover in the report. I think what you're getting at is maybe just almost a one-pager table of contents so we can at least look at the major areas and say, "Yes, I think this is hitting the mark."

M^{me} France Gélinas: Exactly.

Mr. Ray McLellan: I do have that. As I say, it's rough, so I'll see what I can get together.

But as Mr. McCarter said, my list, in addition to what Mr. McCarter has done, gets into more matters of corporate structure, business planning and even, going to one of Mr. Zimmer's points, the corporate culture—whether or not that's a theme you'd want to pursue. But the corporate culture seems to be an important part of this whole discussion and debate. As I say, with the corporate structure—those topics.

I'll so my best to get something down on paper at some point today and we can maybe spend a couple of minutes tomorrow. But I appreciate your time on this.

The Chair (Mr. Norm Miller): Ms. Sandals.

Mrs. Liz Sandals: France mentioned working on the select committee, but the other thing that public accounts

did, where we had more extended hearings than what usually happens at public accounts, was when we did eHealth.

Mr. Ray McLellan: Yes.

Mrs. Liz Sandals: It was really, really helpful, when we were doing the report writing on that, to have Ray do exactly what he's doing right now, which is to summarize the testimony according to the different themes and strands. It helped us organize and it also brought us back to where it's an issue that the auditor has covered. It helped us bring it back to the auditor's report, because our work is based, certainly as the major piece, on the work that the auditor has done. It was really helpful having the testimony organized for us.

Mr. Ray McLellan: And I spoke with Ms. Sandals yesterday about eHealth. This is the eHealth report, which is a standard kind of public accounts format. I think the response from the ministry was probably about four times the length of our report, but anyway—this is the format for public accounts. As I say, I'm in the committee's hands. If we use this tried-and-true format, that's fine. I'll get back to you ASAP on that table of contents and see what it looks like.

M^{me} France Gélinas: Are the other members of the committee interested in this?

Mrs. Liz Sandals: Yes, because I think this is the first step. Regardless of how the vote turns out, somehow we have to figure out—we're only value-added if we can consolidate what we've thought and bring further recommendations around how we can make this work better in the future and how we can avoid the mistakes that happened in the past. If we're going to be value-added, we need to be starting to think. The way we start to think is with Ray's summary of the testimony organized in a way that we can do something useful with it in terms of having an intelligent, thoughtful discussion.

The Chair (Mr. Norm Miller): Any other comments?

Mr. Frank Klees: Will we have something, then, by way of an outline tomorrow?

Mr. Ray McLellan: Yes. We're talking about the one-pager.

M^{me} France Gélinas: Absolutely—the table of contents, like what the auditor has suggested?

Mr. Ray McLellan: That's right. As I say, this is going on as we're sitting here, but I do have the table of contents; that's drafted up. I'll just have to get it shaped up a bit over the next six or seven hours if I can.

Would it be all right to have it tomorrow morning first thing, or would you like to have it at 7 p.m. tonight?

M^{me} France Gélinas: If you have it today, sure. Share it today. But what I'm also asking my colleagues is, would you be willing to come in 15 minutes early tomorrow morning, even half an hour early, so we can have a discussion on the table of contents so it is clear that the work that you're doing is work that you won't have to redo?

Mr. Ray McLellan: Any time.

Mr. Frank Klees: In that case, if you could have it for us tonight, it gives us a chance to review that and come back with some feedback tomorrow morning.

Mr. Ray McLellan: Okay.

The Chair (Mr. Norm Miller): Very well. We'll start at 8:30 tomorrow morning, and we'll take a five-minute recess before we start the proceedings.

The committee recessed from 0852 to 0902.

MR. RON SAPSFORD

The Chair (Mr. Norm Miller): I'll call the committee to order, then, it being after 9 o'clock. Our first witness this morning is Mr. Ron Sapsford. I'd like to call him forward and confirm that you've received the letter for a person testifying before the committee.

Mr. Ron Sapsford: Yes, I did, Mr. Chair.

The Chair (Mr. Norm Miller): Very well. Our clerk will have you do either an affirmation or an oath.

The Clerk of the Committee (Mr. William Short): The Bible is in front of you there, Mr. Sapsford. Perfect.

Mr. Sapsford, do you solemnly swear that the evidence you shall give to this committee touching the subject of the present inquiry shall be the truth, the whole truth and nothing but the truth, so help you God?

Mr. Ron Sapsford: Yes, I do.

The Clerk of the Committee (Mr. William Short): Thank you.

The Chair (Mr. Norm Miller): I understand you have an opening statement, so please feel free to do that, and then we'll move to questioning.

Mr. Ron Sapsford: Mr. Chair and members of the committee, my name is Ron Sapsford. I was, from March 2005 until December 2009, the Deputy Minister of Health and Long-Term Care for the province.

During that time, there was great change in the health care system but also in the Ministry of Health and Long-Term Care itself. One of the key directions pursued was the divestment of a number of direct health services from ministry operation, air ambulance being one of them. Air ambulance was the first in a long list, including drug benefit registration; OHIP registration and card production; public health laboratory services; three psychiatric hospitals, including Oak Ridges, the high security forensic facility; and the closure of six regional offices of the ministry as a result of the introduction of local health integration networks. During this period, the staff of the ministry went from approximately 7,200 full-time-equivalents to 3,800 full-time-equivalents. The objective of these changes was to put the operation and direction of these services under the authority of corporations that could provide more focus and expert leadership, and to focus the core of the ministry's future role.

I offer this context to simply illustrate that the divestment of air ambulance services, while well under way when I arrived at the ministry, was part of a much larger policy agenda. The air ambulance service was divested to the corporation that was to become Ornge, not as a crown agency but as an independent corporation. The ministry designated this corporation as the provider of air ambu-

lance services and treated it as another of its many transfer payment agencies. There were expectations that it would operate in similar fashion to other health agencies, such as hospitals, CCACs or mental health programs.

It was a non-profit corporation providing public services in the public interest and not seen to be operating in private interest, so the apparent movement from operation in the public interest to one of private interest is, for me, the most surprising and concerning.

My direct knowledge of the details of the issues identified in the auditor's report is somewhat limited, and I appear today not as the deputy minister responding on behalf of the ministry to the report, nor having had access to the information of the ministry in answering the many questions that ensue. Nevertheless, I will do my best to answer the committee's questions and to assist you in your inquiries as best I can, Mr. Chair.

The Chair (Mr. Norm Miller): Thank you very much, Mr. Sapsford. We'll move to the opposition for the first questioning. Mr. Klees?

Mr. Frank Klees: Thank you, Chair. Good morning, Mr. Sapsford.

Mr. Ron Sapsford: Good morning.

Mr. Frank Klees: I'm sure that your life is very busy these days.

Mr. Ron Sapsford: Yes, sir; always.

Mr. Frank Klees: Negotiations with the government—how are things going?

Mr. Ron Sapsford: We're moving slowly.

Mr. Frank Klees: Making progress?

Mr. Ron Sapsford: One hopes.

Mr. Frank Klees: Sir, I'd like to start with a discussion of the performance agreement, which established the basis of the relationship between Ornge—known at that time as the Ontario Air Ambulance Corp., I guess, and subsequently known as Ornge—and the government. I'm assuming that you were involved in the negotiation of that performance agreement. Is that correct?

Mr. Ron Sapsford: No, I wasn't involved directly in the negotiation of the agreement.

Mr. Frank Klees: But you were the assistant deputy minister at the time that the agreement was signed?

Mr. Ron Sapsford: No, I was the deputy minister at that time.

Mr. Frank Klees: The deputy minister.

Mr. Ron Sapsford: Correct.

Mr. Frank Klees: Okay. And it was signed by George Smitherman and Mr. Mazza.

Mr. Ron Sapsford: Correct.

Mr. Frank Klees: Who led the negotiations for the Ministry of Health?

Mr. Ron Sapsford: Well, let me explain. The negotiations for the divestment went on over a long period of time, the better part of a year, I would suspect. The first time I became directly aware of it was in the fall of 2005, which was just prior, I think, to the government's decision to finalize the divestment. I had started at the ministry in the spring of that year, and so the negotiations, the details of the agreement and so forth, were well under way when I arrived at the ministry. So the first time I be-

came aware of it was at the final approval, where we were going through a final review and sign-off before it went to cabinet for final approval.

Mr. Frank Klees: So, as the deputy, did you review that document personally?

Mr. Ron Sapsford: In general terms, the way the ministry worked, of course, is that the details of that would be developed through the division of the ministry, in this case emergency services, up through the lawyers who were involved. I'm not aware of all the details of how it came about, but in the final approval I would have reviewed the generalities of the service agreement. I think there were financial transfers. There were regulations that were involved at the time. So a general review of all that package of material.

Mr. Frank Klees: So who would the lead negotiator have been for the ministry in putting that contract together?

Mr. Ron Sapsford: I have to say—the lead, I'm not absolutely clear. It would have been through the emergency division.

Mr. Frank Klees: Perhaps Malcolm Bates?

Mr. Ron Sapsford: Malcolm would have been involved. The ADM at the time, whether it was—perhaps Hugh MacLeod had some involvement with the details of it.

Mr. Frank Klees: Do you recall who was involved in that negotiation on the Ornge side?

Mr. Ron Sapsford: No.

Mr. Frank Klees: When this went to cabinet for approval, I'm assuming that you would have reviewed the MB20 at that time?

Mr. Ron Sapsford: Yes, in general terms. Correct.

Mr. Frank Klees: Given the nature of this transaction—this was a significant policy decision, to divest the air ambulance service—what, as deputy, were the key issues that you were looking for to give you comfort, that you would sign off on that MB20?

Mr. Ron Sapsford: Well, several things: to make sure that the financial arrangements were in order, so the amounts of money that were being transferred within a budget; that it was being situated under the Ambulance Act and the regulations were appropriate to situate the delivery of the service there; and then the general outline of the service agreement, the general terms of that, the expectations about service delivery.

Mr. Frank Klees: One of the cornerstones of that MB20 was an assurance to cabinet that the Ministry of Health would continue in a strong oversight role, that while the service delivery was being divested, the responsibility of oversight would stay with the Ministry of Health. Do you recall that being raised as an issue by the minister or by others within the Ministry of Health?

0910

Mr. Ron Sapsford: Not specifically. The context for it from my point of view would be a divestment to a transfer payment agency. Many of the relationships that the ministry did have and continues to have would form the same kind of relationship as would be expected with air ambulance: budget allocations, general policy direc-

tion, compliance questions in terms of quality and certification, those sorts of things. In a similar vein, the relationship that would exist between the ministry and, say, a hospital would be the expectation in terms of oversight and supervision.

Mr. Frank Klees: I'm surprised that the issue of oversight would not have been front and centre in making this decision and in signing off. This is a very important service. I think the agreement, if I read it correctly, said, "We're signing over the assets for \$1. We're giving carte blanche to this organization." I would have thought that around the cabinet table, certainly in your office as deputy, there would have been considerable discussion about how the government would ensure that service standards are maintained, that accountability is front and centre. You're suggesting, or at least I'm getting the message from you, that that was not really a big issue, that it was kind of an assumption that that would simply take place.

Mr. Ron Sapsford: No; don't misunderstand me.

Mr. Frank Klees: Please clarify.

Mr. Ron Sapsford: Clearly, the ministry had oversight responsibilities. I don't deny that. The service agreement—I don't know all the details as I sit here now—explained a number of accountabilities in terms of service provision and standards. The Ambulance Act and its regulations covered issues of service provision and qualifications and all those things. Clearly, the ministry would continue to be responsible for ensuring compliance with all of those parts, and that forms a major part of what I would call oversight.

Mr. Frank Klees: The performance agreement: There has been quite a bit of discussion. If you've been following these hearings, you also know that the Auditor General's report, which I'm assuming you've read, made reference to the lack of oversight on the part of the Ministry of Health which accounted for this organization making a wrong turn. I think we all agree that the original concept in terms of bringing more efficiency to the service and coordinating services was well-intentioned. As you indicate in your opening statement, the apparent movement from operation in the public interest to one of private interest—and I'd actually put it as self-interest—was a surprise to you. It concerns us greatly that that is the direction that it took.

What I'm interested in knowing is how that could happen, given that there was not only the performance agreement but we also had the Ambulance Act. There is other legislation. You yourself indicated that the expectation was that it would operate in a similar fashion to other health facilities such as hospitals, for example. That somehow this well-intentioned policy decision could go so wrong—which department at the Ministry of Health would have been charged with the oversight responsibility of Ornge?

Mr. Ron Sapsford: The emergency services branch.

Mr. Frank Klees: We have had some testimony here from Mr. Malcolm Bates concerning that issue. Apparently there was frustration within that emergency health services branch, which knew full well what its responsibility was. They wanted to carry out that oversight

responsibility, but the testimony that we have from Mr. Bates is that he was directed to stand down and to allow Mr. Mazza to carry on because, essentially, Mr. Bates's authority was overridden. Mr. Bates was basically told in no uncertain terms that he should be doing whatever Dr. Mazza instructed him to do.

We now have this new entity out here that was created through the divestment. We had oversight responsibility with the Ministry of Health, but the very department that was charged with exercising that responsibility was told that they are now subservient to that organization—to Mr. Mazza and his organization. How could that come about?

Mr. Ron Sapsford: I have no idea. I don't know what Mr. Bates would be referring to in terms of that direction, but certainly, no direction like that ever emanated from my office or from my point of view. The ministry has clear responsibilities that were defined in the service agreement. If the suggestion is that Mr. Bates was directed not to—is that how I understand what you're saying?

Mr. Frank Klees: Yes.

Mr. Ron Sapsford: Not to live up to the service agreement? Then I don't understand where that direction would have come from.

Mr. Frank Klees: Mr. Bates indicated in his testimony that it came from Hugh MacLeod. He actually tabled emails here that gave very clear direction that Mr. Mazza is now in charge. I was wondering if Mr. MacLeod would have made that decision unilaterally or if, perhaps, that was a direction from somewhere higher up, which I guess would have put it to your office or the minister's office. You're telling us that you have no knowledge of any direction?

Mr. Ron Sapsford: Certainly no direction of that sort would have come from me at any time on any matter.

Mr. Frank Klees: Did you ever meet Mr. Mazza?

Mr. Ron Sapsford: I met him once for a short meeting, maybe 15 or 20 minutes. I'd never met him before so it was really more of an introductory meeting with him.

Mr. Frank Klees: Was that before or after the deal was signed?

Mr. Ron Sapsford: That was after.

Mr. Frank Klees: Did you know him at all prior to that, or know of him? Did you know of his—

Mr. Ron Sapsford: I didn't know him, certainly. I'd certainly heard his name. I've been in the health system a long time, so I knew his name, I knew he was an expert in emergency medicine and worked through Sunnybrook, but that would be the extent of my—

Mr. Frank Klees: Do you recall how the decision was made to entrust Chris Mazza with this responsibility?

Mr. Ron Sapsford: Those decisions were made long before I arrived at the ministry. As I said, the discussion about the divestment had been decided long before I got there. The negotiations started over the course of, I guess, 2004 or 2005. When I first became engaged with the file was in the fall of 2005, when they were finalizing the package for cabinet.

Mr. Frank Klees: Knowing what you know about the performance agreement and how that divestment was to roll out, was there ever any discussion that this new organization, Ornge, would end up actually owning helicopters, owning fixed-wing aircraft, operating their own aircraft division? Was that ever contemplated? Do you recall any discussions that that was part of the strategy or that overall plan?

0920

Mr. Ron Sapsford: At that particular time?

Mr. Frank Klees: Yes.

Mr. Ron Sapsford: No.

Mr. Frank Klees: It was never contemplated?

Mr. Ron Sapsford: Not to my knowledge. It certainly wasn't drawn to my attention, if there were discussion.

Mr. Frank Klees: Right. Certainly, we've heard other testimony that supports that as well, that that was never contemplated. That may be one of the issues that took things down the wrong path. We have a lot more information, of course, to glean as to how we got to that point.

Can you tell us, in very simple terms, what that divestment was to look like, and why that step was taken to divest the air ambulance service?

Mr. Ron Sapsford: There were, I would say, at least two strong reasons. I think there had been identified problems with the existing service, the way it was organized, in terms of previous audit reports or external reports that had pointed out a number of issues in terms of service and distribution of aircraft and availability. I can't remember all the details, but I think there were some fundamental issues around how the air ambulance service was organized and operated in the first place, and I think that discussion started probably in 2003, a fairly long time ago. So that would be one reason. There were issues around how it was currently operated.

I think the model that was put forward was to create an organization whose specialty would be in this business, and to create an organization that would spend full time focused on air ambulance and not just another service of the Ministry of Health among the many, many responsibilities of the ministry. To me, that was a principal reason to create an agency to spend full time focused on it as a specialty organization.

Then I think the second, which is probably an adjunct, was this more general notion that I referred to, that the Ministry of Health itself needed to move out of direct health operational services, as a general approach to the role of the ministry. So, as I illustrated, over the course of the years I was there, there were several direct services, health care services, that were divested to external corporations, non-profit, much in the same vein as air ambulance.

Those would be the two reasons I would offer for the rationale behind the divestment.

The Chair (Mr. Norm Miller): Mr. Klees, you have about two and a half minutes.

Mr. Frank Klees: Okay. As we discussed previously, one of the things that the ministry never contemplated giving up was the oversight responsibility and holding this organization to account. As a deputy minister, you

have a great deal of experience within government. In your opinion, if there was a sense that something was going wrong within that organization, what authority does a minister have to intervene with any transfer agency?

Mr. Ron Sapsford: I can think of four.

Mr. Frank Klees: Okay. I'd like to—and I'll borrow some time, because this is—

The Chair (Mr. Norm Miller): Sure.

Mr. Ron Sapsford: First, legislative provisions: First you'd look to statutory authority. Some of it is specific; some of it is general.

Regulation under legislation—if there are specific regulations conferring authority or abilities to intervene.

The third would be monetary. The government controls the purse strings of every transfer payment agent, and that's a significant authority to require compliance.

Then the fourth, I would argue, would be that the office itself commands respect, in my experience.

Mr. Frank Klees: So if there was an agency—and technically, the legislation, the agreement, the regulation may not give me, as the minister, the authority to intervene directly but, as a minister, to pick up the telephone and to say, "Look, Mr. President or CEO or Chair of the board, we have a problem here. I'd like to have a meeting. I'd like to have a discussion with you. We need to set some things right." That is a very powerful way, a very effective way, to get the attention of the leadership of that organization. I'm assuming that it's your experience that a minister would have a great deal of persuasive power simply by exercising that.

Mr. Ron Sapsford: Well, many ministers use many techniques. I wouldn't presume to advise ministers on how they conduct their own business. In my experience, ministers command attention.

Mr. Frank Klees: Thank you.

The Chair (Mr. Norm Miller): We'll move on to the NDP. Ms. Gélinas.

M^{me} France Gélinas: Good morning, Mr. Sapsford.

M. Ron Sapsford: Madame Gélinas, ça va bien?

M^{me} France Gélinas: Ça va, merci.

Thank you for coming to Queen's Park. You're very familiar with this setting and this room and everything else. I'm going to build a little bit onto the line of questioning that Mr. Klees was doing, but I'm more interested in your experience. How do issues get brought to the attention of the minister for action?

What I've been trying to understand is that, from where I'm sitting, there were many warning signs that something was not right at Ornge. We, in the NDP, filed a freedom of access to information as to why Dr. Mazza's salary was no longer on the sunshine list. We filed this; we got a response back telling us that 19 records had been found but none of them could be shared with us. We consider this as telling the government, "Hey, have a look because we've had whistle-blowers come to us telling us that Mazza is now pocketing close to \$1 million. You guys should look into this." So we did; we filed freedom-of-information requests.

Then, estimates comes around—you're very familiar with those; you've attended many. I'm the health critic at that point, but I was subbed out for my leader. My leader comes in—it was Howard Hampton at the time—and Howard spends the entire afternoon asking about one topic. Health care is huge, and we usually query community health centres and hospitals and all this, but we don't talk about anything else; we talk about one topic: Ornge. Howard asked 47 questions about Ornge during those estimates that could not be answered. We got a promise of an answer, but no answers ever come for any of the estimates questions until two years down the road.

Then, we have more and more whistle-blowers coming to the NDP who also tell us that they have gone to different levels of the ministry—some went to the wrong ministry and went to the Ministry of Health Promotion, but a lot of them actually went to different departments and basically talked to the minister, tried to communicate that things were wrong at Ornge, that they are making decisions right now that are taking money away. They shared with them what they could: level of patient care is going down, some of the decisions that are being made, we heard rumours that Dr. Mazza's salary is going to hit the moon etc.

At what point does an issue like this register with a ministry the size of the Ministry of Health?

Mr. Ron Sapsford: Just before I—could I just get you to agree with me that the questions at estimates—because you referred to me being at estimates—the questions you're referring to—

M^{me} France Gélinas: You were not there.

Mr. Ron Sapsford: —I was not there.

M^{me} France Gélinas: No, no. You are not the one.

Mr. Ron Sapsford: Thank you. Questions at estimates are always answered, in my experience. That's part of what the role of estimates is. If you're saying the questions weren't answered, I can't offer you an opinion as to why. I don't know why. In my experience, generally, questions in estimates were followed up and answered.

0930

M^{me} France Gélinas: We cannot think of a valid reason why questions in estimates would not be answered. Neither can you?

Mr. Ron Sapsford: Well, unless the information wasn't available, the ministry couldn't get the—I mean, I can think of reasons why perhaps not, but in general, questions were and are answered.

M^{me} France Gélinas: I agree with you. On this point, they were not. I'm trying to understand what needs to happen within the Ministry of Health to pay attention to one of its thousands of transfer payment agencies; I mean, Ornge was but that. The Ministry of Health has thousands of transfer payment agencies. You had a transfer payment agency that, in my humble opinion, was running amok.

The NDP had had a few whistle-blowers come to us, so we filed a freedom of access of information—we concentrated all of our questions in estimates on Ornge to try to get answers, because you don't always know if the whistle-blower is telling you the truth or not, so we were

trying to get information. We know that whistle-blowers were going directly to the ministry, yet no actions got taken for months. That turned into a year; that turned into two years.

I'm sure there must have been other instances where you paid attention to one of the thousands of transfer payment agencies that were within your portfolio. How much smoke must a fire do before you notice that there's a fire?

Mr. Ron Sapsford: It's a hard question for me to answer as I sit here today. I'm quite certain the ministry would not ignore information. So, if questions were asked, I'm quite certain the ministry would go about trying to find out. As I've already said, I don't believe the ministry would have ignored Ornge, as you've suggested.

The ministry is organized in a way such that transfer payment agencies generally have a recognized contact with the ministry. In this case, it was the emergency services branch. I would expect that they had much discussion and contact with that particular agency over complaints and other business dealings.

So in terms of the normal way the ministry would operate, there would be, I would assume, lots of discussion and contact and information exchange. How then it gets raised, I think, is your question. That would be based on the kind of answers that were being provided to the questions, if there were answers provided to the questions. It's difficult for me to evaluate the specifics of it without, frankly, talking to ministry staff and understanding it.

M^{me} France G  linas: In the time when you were deputy minister, do you figure there could have been a transfer payment agency out there that paid their CEO \$1 million, and you wouldn't have known?

Mr. Ron Sapsford: No.

M^{me} France G  linas: You would have known one way or another and, I take it, taken corrective action?

Mr. Ron Sapsford: Yes. Well, public transfer payment agencies would be in receipt of public money, which would then invoke the salary disclosure legislation. That would have been transparent. So I'm relying on that particular process as the mechanism.

M^{me} France G  linas: Okay. So then, we'll go more specifically into the story of Ornge, where Ornge decided to create those for-profit entities, and this is how they justified not putting their salary on the sunshine list. My questions now are going to be about these decisions to have private entities.

In your time at the ministry, how important was the concept of leveraging the expertise, knowledge and skills of the health care system to basically promote a way of making money to fund the health care system? We've heard over and over that what we had at Ornge and what we have within the health care system in Ontario is something to be proud of. We have expertise here that can be leveraged, that can be sold abroad to bring money back into Ontario to fund our health care system. We have some of the best scientists, some of the best hospitals and some of the best physicians here. Basically, we have expertise that we could export. How important was

this concept? How was it shared and—I have a hard time with this word—vehiculated? How was it shared around? Did you understand this?

Mr. Phil McNeely: Mr. Chair, could I maybe have the witness closer to the microphone? I can hear Ms. G  linas very well. I cannot make out what Mr. Sapsford is saying.

Mr. Ron Sapsford: My apologies.

The Chair (Mr. Norm Miller): Very well.

Mr. Ron Sapsford: In my words, I would describe that whole notion as secondary or ancillary to the prime purpose of the agency. If you want to talk specifically about Ornge, the prime responsibility was to deliver air ambulance services to Ontarians, period, full stop.

Now, it's not uncommon that agencies develop ancillary relationships and try to market, as you said, and sell their services abroad. I'm familiar with cases in the hospital sector, so this isn't in itself an unusual thing. But it's certainly not the prime mover for a health organization. It's kind of a secondary benefit that occurs.

M^{me} France G  linas: Let's say we take the example of some of the hospitals that do this. Do they share what they're doing with the ministry? Or are they allowed to go on their own for that part of the ancillary services, as you call them?

Mr. Ron Sapsford: No, I would say they do that quite independently. I think, at least in my experience, where those sorts of companies are created they operate to the benefit of the institution 100%, so they're seen as a subsidiary of it, and any benefit that does accrue accrues to the principal agency as opposed to any other organization.

M^{me} France G  linas: So it's done either through a foundation or through a not-for-profit?

Mr. Ron Sapsford: No, often it has to be a for-profit organization because of the federal tax implications. Hospitals, for instance, or non-profits have to protect their non-profit status, and so carrying on ancillary businesses would be designated by the federal government as having to pay tax on income. So they're created as for-profit organizations, pay tax, and any residual benefit flows then to the principal organization.

Mr. Jagmeet Singh: Is there a mechanism to guarantee that the money will flow back to the hospital, and does the ministry have a responsibility in overseeing that that actually does happen?

Mr. Ron Sapsford: It's rather the reverse. The concern is not that private money flows to the benefit of the non-profit; it's that public monies are not flowing the other way, so that the funds voted for the health service are used for the health service and not to support ancillary businesses.

Mr. Jagmeet Singh: What does the ministry do to ensure that public money isn't used to help start up or to assist in the formation or the creation of those ancillary institutions or organizations?

Mr. Ron Sapsford: Usually a financial review to make sure that funds are not flowing to subsidiary organizations, those sort of questions—in my experience, public organizations that do this kind of business are well

aware that the protection of public funds is a prime responsibility, and so one relies on the prudence and good judgement of boards of governors and management to recognize that fundamental responsibility and to comply with it. That's an expectation.

Mr. Jagmeet Singh: That is an expectation, but when that expectation sometimes is not met—for example, in Ornge, public money was used in the for-profit side. As an ADM, what role would the ministry, as an oversight organization, oversight body, play in ensuring that that doesn't happen?

Mr. Ron Sapsford: I suppose the normal review in following up on questions—one has to discover the problem in the first place. As I understand—I haven't followed all the details of this proceeding—information was withheld by Ornge from the ministry. I guess part of the problem is, how do you find out the information that then gives you the ability to follow up and act on it? If the agency of record is not being forthcoming or straightforward, or non-transparent, then the ministry quite clearly is going to have some difficulty. In reading the auditor's report, even the Provincial Auditor had some difficulty in getting information. So one has to judge the difficulty the ministry faces in this particular case with who was on the other side.

0940

Mr. Jagmeet Singh: What about the corporate structure and all the decisions along the way being presented to the ministry and to ministry officials, the corporate structure, for example, that allowed for salaries to be withheld? That structure that came into place was disclosed to the ministry. Would that not raise some alarms, that this type of structure of a for-profit/not-for-profit is created? One of the effects of it, which was openly disclosed, would result in salary not needing to be disclosed.

Mr. Ron Sapsford: You ask me a very difficult question because I don't know the details of the structure. I'm certainly not privy to it. It never was raised with me at any time. These are events that transpired long after I left the ministry and I really feel unable to offer an opinion.

M^{me} France Gélinas: Okay. I asked you about how for-profits attached to not-for-profit transfer payment agencies usually work. Would you say that when you were deputy, you pretty well knew every transfer payment agency that had a for-profit attached to them, or was this not something that we paid attention to?

Mr. Ron Sapsford: No, I certainly wouldn't be aware of that.

M^{me} France Gélinas: So the transfer payment agency could have done this and it wouldn't necessarily have reported that to the ministry?

Mr. Ron Sapsford: I'll give you one example. For instance, I learned, in the normal course of my business, a hospital had a contract in China to offer expert advice on hospital services and so on and so forth. That was conducted through a subsidiary. One would hear of these sorts of things, but there was no formal tracking that I'm aware of, in the ministry, of those sorts of organizations.

M^{me} France Gélinas: Knowing what we know now, do you figure the ministry should track this?

Mr. Ron Sapsford: We talk in our health care system a lot about innovation. We talk a lot about improving our health care system through innovation, and innovation, to some degree, implies risk. So I think that the health care system needs a certain amount of freedom to explore innovation and then to apply it to the benefit of our own health care system.

What I think is the important point is to make sure that public monies are not flowing in the wrong direction. I don't have a problem with people undertaking innovative business approaches to try and improve health care or benefit or lever, I think was the word you used at one point, our knowledge and expertise. The important point is to keep the public and the private separately to ensure that public funds are not used for private purposes. This is such a well-accepted rule and understanding in my experience that to have to track it in some minute detail for every single agency—I don't think it is a particularly productive use of anyone's time.

M^{me} France Gélinas: Very good.

The Chair (Mr. Norm Miller): You have about two minutes.

M^{me} France Gélinas: Okay, I'll use my last two minutes.

The members of the board and the chair of the board at Ornge were paid \$200,000 a year for their membership on the board of the not-for-profit transfer payment agency that was Ornge. In your time as deputy minister, do you know of any other transfer payment agency that paid their board members that amount of money?

Mr. Ron Sapsford: No.

M^{me} France Gélinas: Do you know of any transfer payment agencies, except for CCACs and LHINs, that pay the members of their board of directors?

Mr. Ron Sapsford: For not-for-profits?

M^{me} France Gélinas: Transfer payment agencies of the Ministry of Health.

Mr. Ron Sapsford: Well, yes. Transfer payment agencies, yes. Don't forget, a large part of our health care system is delivered by private companies.

M^{me} France Gélinas: True. Labs and—

Mr. Ron Sapsford: Labs. Long-term-care homes would have private corporations whose boards, I suspect, are paid.

M^{me} France Gélinas: Let me rephrase this, then: not-for-profit transfer payment agencies.

Mr. Ron Sapsford: No.

M^{me} France Gélinas: Not-for-profit transfer payment agencies: You had hundreds and hundreds of them, and not one of them paid their board of directors to be on the board?

Mr. Ron Sapsford: Well, none that I'm aware of. There may be one or two for very specific reasons, but it's not a common thing. Most boards who are responsible for public health agencies usually serve on a voluntary basis. Usually, costs are covered. Directors incur expenses in the course of their duties. Those would be offset by the agency. But payment of the kind you're talking about, I've never heard of in my whole career.

M^{me} France G  linas: Okay. We'll leave it at that for now.

The Chair (Mr. Norm Miller): Thank you very much. We'll move to the government members. Ms. Sandals.

Mrs. Liz Sandals: Good morning, Mr. Sapsford. Welcome back to public accounts. You've been here on all sorts of topics, in your role as deputy, in the past.

I recognize that this development of Ornge, or Ontario Air Ambulance, was well under way when you arrived, I think you've said, in March 2005 as deputy. So that was happening. From your earlier conversation with Mr. Klees, I wasn't quite clear on exactly when it was you first met Dr. Mazza.

Mr. Ron Sapsford: I'm not clear either. It would have been, at the earliest, in 2006. It could have been in 2007, somewhere in that—

Mrs. Liz Sandals: But by this time, the Ontario Air Ambulance actually existed—

Mr. Ron Sapsford: Oh, yes. I met him as the CEO of Ornge, yes.

Mrs. Liz Sandals: What has always puzzled me is that there seems to be a long period of time when Dr. Mazza served as a special adviser to the ministry or something. He seems to have had this relationship with the ministry above and beyond simply doing his job at Sunnybrook at the base hospital, as it was then; and there seems to have been this appointment of him as a special adviser. As Mr. Klees alluded to, we did have testimony from Mr. Bates that Dr. Mazza was effectively put in control over the air ambulance program, developing this, and that most notably, during the design stage of the performance agreement, he was the go-to person.

When you came in as deputy, did anybody ever bring it upstairs and brief you on this somewhat peculiar arrangement?

Mr. Ron Sapsford: No, would be my simple answer. I think Dr. Mazza had left the ministry, frankly, before I arrived. I stand to be corrected on that, but I think his role as special adviser predated the detailed delivery of the final package of information to cabinet.

I never had any contact with Dr. Mazza in the Ministry of Health. It was always as the CEO. I believe—I stand to be corrected—he had left the ministry before I arrived.

Mrs. Liz Sandals: That perhaps explains this disconnect, because clearly, in a lot of the documentation we've seen around the legal billings for the early development of the performance agreement, it backs up what Mr. Klees alluded to, it backs up what Mr. Bates told us. It was quite clear from the notes of the day that Mazza was the go-to person in the early framing of the performance agreement and early structure of the corporation. But you're saying you think that it was so far developed when you came that he had done that early work and he had moved off again.

Mr. Ron Sapsford: That would be my best understanding, yes; that the early work had been done and he had left, and then the discussion around the formality of the service agreement was after that.

0950

Mrs. Liz Sandals: Do you have any knowledge, then, of why this, to me, very odd structure was set up; that the person who was going to be the eventual CEO of the corporation was essentially given responsibility for negotiating the performance agreement? It appears as if Dr. Mazza was negotiating with himself.

Mr. Ron Sapsford: I don't know the answer to the question. I just simply don't know. It may be that events transpired in an order, and where they started and where it ended up were two different things. I don't know.

Mrs. Liz Sandals: It just seems so, so odd that somebody negotiates their own performance agreement. And it may be why you're unclear on who the lead negotiator was—that the lead negotiator, it sounds like, was actually Dr. Mazza, as I say, negotiating with himself. That may be why you sort of struggled with the earlier question about who was the lead negotiator.

The other thing that has always seemed quite peculiar to me—because I'm certainly aware, as are you, that there's a whole host of lawyers at the ministry—is why it was that negotiating the Ontario Air Ambulance side of the performance agreement seems to have been farmed out to Fasken's, an external law firm, but was paid by the ministry, as far as we can figure out. Fasken's appears to have been on the performance agreement development file as early as January 2003. Was it ever raised as an issue to you that much of the legal work on developing the performance agreement had in fact been done by an external law firm which saw itself as representing OAA, as opposed to representing the Ministry of Health?

Mr. Ron Sapsford: The air ambulance corporation itself was created, I think, in 2004, and my understanding is that Fasken was that corporation's lawyers—

Mrs. Liz Sandals: But they were billing as of January 2003—

Mr. Ron Sapsford: Well, then, it started earlier than that.

Mrs. Liz Sandals: Yes. So nobody raised this as a flag when you came in as deputy, that you need to go back and look at the legal history of who was negotiating with whom or—

Mr. Ron Sapsford: No. My understanding, coming into it, was that the corporation out there that was receiving the air ambulance as part of the divestment had been created; there had been negotiations with them over a period of time. I wasn't aware that it was necessarily Fasken at that point in time, but they would have been the lawyer representing that external corporation.

As to why the ministry would pay, it would seem to me they were already treating it as if it were a transfer payment agency, and so the costs of setting up the corporation, going through the divestment, making sure that the agreements were in place would have been considered part of the transfer payment cash flow.

Mrs. Liz Sandals: Because that was certainly part of the payment trail, starting in 2003, to Fasken's that the auditor identified.

Mr. Ron Sapsford: Well, the corporation wouldn't have had any other revenue source, other than the min-

istry. So as the receiving organization, I suspect—I'm a little out on edge here. I suspect—

Mrs. Liz Sandals: Well, this is what we're all trying to figure out. Why was it set up this way? It didn't seem to be the way in which it would best protect the interests of the ministry, necessarily.

Mr. Ron Sapsford: My view of that would be, the ministry would be on the other side of the discussion, negotiating with the external organization over the divestment and the service agreement and so on and so forth. The ministry would be representing its own interests.

Mrs. Liz Sandals: Okay. So there were two sets of lawyers working on this.

Mr. Ron Sapsford: Yes.

Mrs. Liz Sandals: Once OAA had been formally created and the service was turned over, would you have met with Dr. Mazza, other than that one meeting, at all?

Mr. Ron Sapsford: No.

Mrs. Liz Sandals: Would you get reports on how this was unfolding? Did you get an impression of how the divestment was going, how the creation of the operation was going?

Mr. Ron Sapsford: No, I didn't receive regular reports. I think the way, in terms of operational detail—things would be reported to me on an exceptional basis as opposed to a routine report. I was aware, actually, through an audit report shortly thereafter in terms of the operation of air ambulance, and I think I appeared in front of this committee. So I was certainly aware of some of the issues affecting air ambulance as a result of the Provincial Auditor's—

Mrs. Liz Sandals: But there wouldn't have been a routine follow-up; we've created this new thing and sort of just routine reporting that would come up as far as—

Mr. Ron Sapsford: No, unless issues were raised by ADMs to me directly.

Mrs. Liz Sandals: Okay. The thing that seems to have obviously happened some time in here is this moving to a global operation. We certainly know that there was extensive briefing in January 2011, after you had left, obviously, around this big new structure, but it's clear that the board passed that in January 2010 and that there had been a lot of prior work go into it. In this chain of flagging issues, did it ever come up to you that Ornge was starting to work on a new corporate structure?

Mr. Ron Sapsford: No.

Mrs. Liz Sandals: So that was never raised as an issue to you.

We know then, as I say, that Ornge moved a lot after you left. One of the things that did seem to come up earlier was the decision to move to the air ambulance. That setting up the bond-holding corporation to actually get into purchasing aircraft happened earlier. Did that come up to your office when they started to move to the purchase of aircraft?

Mr. Ron Sapsford: No.

Mrs. Liz Sandals: So that didn't come up as a flag to the level of your office, because clearly that did start before you left, setting up that—

Mr. Ron Sapsford: I believe that was sometime in 2009, I think.

Mrs. Liz Sandals: Yes. But again, it didn't come up as a flag.

Mr. Ron Sapsford: No.

Mrs. Liz Sandals: Obviously you've been following some of the media, given what time you have from all your other responsibilities that you've got now, and we've certainly been hearing about outrageous salaries, bonuses; we've been hearing about the girlfriends, the daughter, the chair of the board getting big jobs; public funding going to people getting university degrees. When you hear about that now, do you have any thoughts on where this went off the rails, how it got off the rails? Where did Dr. Mazza sort of go astray? Because I think what we all keep asking ourselves is, what went wrong and how do you make sure it doesn't happen again?

Mr. Ron Sapsford: It's a very hard question for me to answer. When one hears—well, certainly reading the auditor's report raised my eyebrows in a number of areas and led to questions, many of the questions I think you've been asking here. It's hard for me to assess what went wrong. I think one has to look very seriously at the decision-making of the agency itself as to what they had in their mind. Somehow it shifted from operating public air ambulance services to a whole series of other business ventures that somehow seemed to put Ornge as subservient. That's just my view looking from the outside. Why that happened, how it happened, what decisions were taken: I don't have those answers.

Mrs. Liz Sandals: You mentioned that this is the second time you've appeared before this committee on the subject of air ambulance, because the auditor did a report I believe in 2005, and you were here in, I think, February 2006. I believe Mr. Zimmer and I have been around long enough that we were here too.

1000

I dug out some of that testimony, and I certainly don't expect that you're going to remember in any detail who said what to whom.

The auditor had been looking at the air ambulance service, because he would have been in there doing his audit work in early 2005. His work had to do with before the service was divested. When we go and look at the conversation we had at public accounts, your testimony and Mr. Bates's testimony, it was largely about what Ontario air ambulance was going to look like now that it was being divested because this policy change had happened between the report and you appearing at the committee.

You focused on the creation of Ontario Air Ambulance. Do you recall what you saw as the benefits of creating Ontario Air Ambulance, from a public policy point of view? There were obviously problems that had been identified by the auditor, and Ontario Air Ambulance was looked on as the solution. Can you recall why this structure was the solution, as seen at that time?

Mr. Ron Sapsford: I'll try, but maybe you'll tell me what I said. In answer to a previous question, it was to create an organization that was spending full time focused on the delivery of that service. If I remember some

things about the audit, there were coordination problems and standby problems; there were employment issues. There was a whole series of problems in having the service available when needed. Creating an organization that would specialize in this and understand the business from an expert point of view to find the solutions and to manage it on an ongoing basis would be, in my mind, the principal policy reason.

Mrs. Liz Sandals: One of the things that sort of stands out, in a way, is what we didn't discuss. There was mention of it being, I think, a non-profit. There was no discussion of alternative revenue in the model. Would that be consistent with your understanding at the time, that there was never any discussion that came to you as you were reviewing the MB20, the cabinet submissions, of setting up these side for-profit corporations?

Mr. Ron Sapsford: Not to my memory, no. As I've said, the principal reason was to divest to the non-profit the operation of the air ambulance service. That was the prime motivation.

Mrs. Liz Sandals: Yes, and certainly your testimony at the time doesn't reflect any thought of creating for-profit entities.

Mr. Ron Sapsford: No.

The Chair (Mr. Norm Miller): You have two minutes.

Mrs. Liz Sandals: Okay. One of the other things that has been a big issue is the whole business of buying their own aircraft. Again, you've said that it didn't come up to you as a briefing issue. It's clear from your testimony, again, that the model that people are talking about is still procuring the actual flight services from independent, private aircraft operators. That's the model that it's very clear from your testimony that you thought of. Was there ever any discussion that you were briefed on about the pros and cons of owning aircraft at OAA, versus contracting out to private carriers?

Mr. Ron Sapsford: No.

Mrs. Liz Sandals: So it isn't that something didn't get mentioned in the testimony before the committee.

Mr. Ron Sapsford: No.

Mrs. Liz Sandals: It was simply that there was never any discussion of switching models.

Mr. Ron Sapsford: No. But I will say that part of the model was to put those sorts of considerations and decisions into the hands of the air ambulance operator so that—I can't say I would be surprised that they might choose to do that. In the lexicon, it's a make or buy decision, whether you contract it or offer the service yourself. It was within the authority of the corporation to make those sorts of decisions but it wasn't contemplated at the beginning.

Mrs. Liz Sandals: Okay, and that's very helpful to make that distinction. Going back through the testimony, it just isn't something that we discussed.

Mr. Ron Sapsford: No.

Mrs. Liz Sandals: But it would have been within the authority. That's helpful to know. Okay, thank you. We'll come back later.

The Chair (Mr. Norm Miller): Thank you. We'll move to the opposition. Mr. Klees.

Mr. Frank Klees: Thank you. As usual, we're running out of time. I'm sure that you would rather stay here for another day as well, right?

Mr. Ron Sapsford: Please don't invite me.

Mr. Frank Klees: Mr. Clerk, does Mr. Sapsford have a copy of this?

We're trying to wrestle with this issue of where things went wrong, who knew what and how early did the Ministry of Health know that this was developing into something beyond what was originally contemplated. I've just handed to you, and members of the committee have in front of them, the recommendation section of the Meyers Norris Penny report that you may or may not be familiar with.

Mr. Ron Sapsford: I'm sorry, this is—

Mr. Frank Klees: This is the summary of that report, the Meyers Norris Penny report, which all members of the committee have. The final report was delivered September 2010, so you may not have seen this.

Mr. Ron Sapsford: Never. This was as a result of the—

Mr. Frank Klees: This was a report specifically ordered by the Ministry of Health and Long-Term Care to assess the performance of the Ontario air ambulance system.

Mr. Ron Sapsford: Okay.

Mr. Frank Klees: Okay? The reason that I wanted you to have a look at this is that as early as July 16, 2010, which is the date of this summary, it included that interesting corporate structure. Some of us saw this for the first time in a letter that was distributed to the minister in January of last year. This report that was delivered to the Ministry of Health back in September 2010, at the very latest, already has this organizational chart growing and it already has a number of for-profit entities. It has the J Smarts not-for-profit foundation, it has Ornge Peel, it has a numbered company that currently—at that time, was inactive, but they had some plans for this.

The reason I show this to you is that the recommendation from Meyers Norris Penny—the first recommendation was, and I'll quote, "The organizations must discuss and document" the Ministry of Health and Long-Term Care's "concerns regarding Ornge's corporate structure and enter into agreed-upon revisions of their contractual relationship, if any, that are required to give the" Ministry of Health and Long-Term Care "more comfort regarding Ornge's corporate structure and its impact on the delivery of air ambulance services in the province of Ontario."

This was a fairly strong message to the Ministry of Health back then. It was another red flag in the whole lead-up to the mess that we find ourselves in.

My question for you, sir, is: If you were the deputy minister at the time—I realize that it's hard, and you may not want to go there, but I'd like to challenge you. Something as important as this, with this kind of corporate structure, would that have given you any cause for con-

cern and would that have prompted you to say, “Look, I think we need to ask some more questions about this”?

Mr. Ron Sapsford: Just a question of clarification, this chart that I’m looking at on the back page, is this part of—

1010

Mr. Frank Klees: Yes, that is the corporate—that is part of that report.

Mr. Ron Sapsford: I would want to ask questions.

Mr. Frank Klees: I thought that you probably would.

What concerns us at this committee is that, again, this is information that was in the hands of the Ministry of Health at the time and it seemed that no one was particularly concerned about it.

I’d like to—

Mr. Ron Sapsford: I don’t know, though, sir, what questions were asked, so I wouldn’t assume the ministry didn’t—

Mr. Frank Klees: Well, here’s the interesting thing: There was an even more comprehensive briefing. It was about a 43-page letter, with an organizational chart that was twice as complex as the one that you see there. We have had testimony from the deputy, from the assistant deputy, from the minister, and not one person indicated to us at this committee that that gave them any cause for concern, and we’re wrestling with that. From our standpoint, given the oversight responsibility that the Ministry of Health had, and seeing how this organization was apparently spinning out of control, it just baffles us that somebody did not stand up and say, “Look, let’s put the brakes on here. Let’s call Mazza and his board in here, and let’s have a fulsome discussion about where the priorities should be.” Because, sir, at the same time that this organization was spinning into international businesses, they were having meetings with paramedics in London, Ontario, saying, “We may have to shut this base down because we don’t have the resources to carry on.” If that isn’t a problem, if that isn’t something that even the first person in line for oversight would have to respond to, we don’t know—and that’s why at this committee we’re wrestling with, how do we get a handle on dealing with this issue? Because we can make as many legislative changes as we want, we can make as many changes to a performance agreement as we want, but if the individuals at the Ministry of Health who have oversight responsibilities are not sensitive to what can go wrong and are not exercising their proper oversight, we’re right back to square one.

My question to you, as a former deputy, is, how would you get the attention of the people within your ministry who have that oversight responsibility, to do their job?

The Chair (Mr. Norm Miller): After the answer, we’ll move to the NDP because you’re out of time.

Mr. Ron Sapsford: Mr. Klees, in my experience, the Ministry of Health—and I’ve worked in the ministry on three separate occasions, and I’ve been on the receiving end of the ministry my whole career as well—has always treated its responsibilities of oversight and due diligence extremely seriously. In this particular case, I can’t answer all the details of it because I’m not aware of it.

Again, I would point you to the fact that the kinds of decisions that were made by this organization are atypical. They’re not typical of what one would expect. So, in presenting this set of facts to the ministry, there may have been some difficulty in understanding or following up, or not getting answers. But my experience is that the ministry staff are extremely diligent and pay attention to things that go wrong, and I can give you lots of instances where, in fact, that has been the case.

So, from my point of view, you’re dealing with an unusual circumstance, as opposed to a fundamental problem with questions of oversight from the Ministry of Health. That would be my reflection to you.

The Chair (Mr. Norm Miller): Very well. We’ll move to Ms. Gélinas.

M^{me} France Gélinas: I tend to agree with you, having been at the receiving end, that the Ministry of Health usually does a good job of oversight. As an executive director for many years, I had to account for every penny that I received. They watched and they asked questions, and they took their job seriously of making sure that the money that had been transferred to my agency was for the accountability agreement that the board had signed with the ministry. So if we take for granted that this amount of oversight that we see throughout the Ministry of Health was applied to Ornge—and yet we have the bad turn of events that has happened at Ornge, as the Auditor General has put in his report. We have the \$1.4-million salary. We have the personal loans. We have the \$200,000 to the board of governors. We have this spaghetti of a corporate structure that makes no sense to anybody, to this day, except for the lawyer who designed it. We have all of this.

So the ministry—we’ll take it for granted—did a good job. They knew that something was drastically wrong, and they tried to act. Then you’re left with this: This was allowed to go on because somebody wanted it to go on. Neither one of those scenarios I like too much.

Going into the experience that you’ve had, not all transfer payment agencies of the Ministry of Health, I’m sure, were charming to deal with. Using your experience, what other scenarios could there be out there that would explain why this went on for years?

Mr. Ron Sapsford: First of all, remember: The most difficult parts of this whole story were not decisions of the ministry. Let me start there.

I think how one discovers those kinds of things is the difficult part of this. What I understand of the overall position is that information was kept back, actions were taken that were not revealed, and things were done behind closed doors that were difficult to discover and understand. I think if you start there, then the problem becomes, how do you catch up with that?

I guess in this particular case, it took the Provincial Auditor’s report to do that. I looked briefly at the response of the ministry to the auditor’s report, and I think some of the suggestions that were put forward by the ministry as action as a result of it were useful things to do.

So in terms of how we ensure it doesn't happen again—I'm reading that into your question—I think some of the proposals that have been put forward would do that. They dealt with following the money, tracking the money, and making sure that, if there were certain kinds of actions to be taken by an agency, there needed to be an explicit approval. Some of those techniques, I think, are important considerations.

M^{me} France Gélinas: So the premise of this discussion is that the ministry did not know and, therefore, could not act because they did not know, and it was basically an agency that hid things?

Mr. Ron Sapsford: It strikes me that that's the fact.

Mr. David Zimmer: Sorry, I missed that answer.

Mr. Ron Sapsford: It strikes me that that's the fact.

M^{me} France Gélinas: A huge part of me wants to believe this, except that there are so many documents and testimonies that have been presented to us that make this hard to believe. It makes it hard to believe that.

Why is it that whistle-blowers were telling us that his salary was over \$1 million? The whistle-blowers came and testified that they've also told the ministry. When we asked for a freedom of access of information to find out what his salary was, wouldn't the government find out what his salary was?

That's a question.

1020

Mr. Ron Sapsford: Yes, one would attempt to, for sure.

M^{me} France Gélinas: One would attempt to, for sure. I agree with you.

When questions are asked in estimates that have to do with the corporate structure, that have to do with the money going to the for-profit entity of what was Ornge Peel and Orngeco and all the other for-profit Ornges, that was also an opportunity to get to learn about what they were hiding from you—not from you; you were gone—what they were hiding from the government. When questions are posed in estimates, wouldn't that be an opportunity to learn what they're trying to hide, especially if the questions were pointed: What is this corporate structure? Where does this for-profit get its money?—with a promise from the deputy and the minister to get back to us. Do you consider this an opportunity to find out what they're trying to hide?

The Chair (Mr. Norm Miller): You have a minute and a half.

Mr. Ron Sapsford: Well, yes. To ask the question, absolutely.

Mr. Jagmeet Singh: Do you agree with the position that there may be transfer agencies that improperly handle money? There may be transfer agencies that don't do their job that they're supposed to do properly? And that may occur again and again. Simply finding a transfer agency that's making a mistake and saying, "Oh, this one's making a mistake time and time again," looking at the agency itself, those mistakes may occur again and again. But a systemic or a systematic approach to the problem would be to have better oversight on a consistent

basis so that the government can prevent this from happening.

Instead of looking at, for example, Ornge, and saying that it was Dr. Mazza who didn't disclose, who withheld information—that may happen again; we can't prevent that—what we can do is ensure that the ministry has sufficient oversight so that it catches these issues early on before taxpayer dollars are wasted. Do you agree with that approach?

Mr. Ron Sapsford: Well, I think you need to remember there are different legislative schemes or regimes for different parts of the health care system. I would argue, in a systematic way, the Ministry of Health has huge ability to oversee and to make sure that services are delivered effectively without things going wrong. But there is no legislative scheme that will prevent things from going wrong, and how the government responds, of course, is the more important thing.

One can look at different kinds of legislative models and apply them differently. The same regime is not applied to every single health service. I think the learning from the auditor's report—and the ministry in fact has followed, in its response, to borrow some additional protections from other models that weren't applied in this particular case, that in hindsight—and hindsight is perfect—could have and perhaps should have been in the past.

In terms of the fundamental structures and accountability mechanisms and so forth, I think they're strong and intact.

The Chair (Mr. Norm Miller): Very well. We'll move to the government. Ms. Sandals.

Mrs. Liz Sandals: Just finishing up on the testimony and the conversation back in 2006, and I notice you said the same thing again today: that Ornge was envisioned as a transfer payment agency; it wasn't envisioned in the way that it turned out.

Anything in particular that, again, you can identify that is key in trying to make sure that that loss of transfer-payment-agency behaviour where, as you mentioned, it seems to not be focusing on public interest but rather private interest—how do you draw that line, given that private entities may be acceptable; how do you enforce that line that you keep the governance model focused on public interest, even though there may be private for-profit offshoots?

Mr. Ron Sapsford: I think in the minister's response the ministry offered a couple of those. One would be specific approvals on large capital transactions, prohibition on movement across corporate lines for assets that are flowed to the public agencies—those sorts of occasions where those kinds of business changes are anticipated, then, with a specific approval, would bring the question back to the ministry, at least, for review.

Mrs. Liz Sandals: One of the things that is in the legislation that is before the House but has not been passed is giving the minister the ability to appoint a supervisor, much akin to hospitals, CCACs, other health entities. Is that a useful fail-safe, that the minister has the ability to put the transfer partner under supervision?

Mr. Ron Sapsford: Yes.

Mrs. Liz Sandals: So you would encourage us, then, to make sure that that ability is in place as well?

Mr. Ron Sapsford: Well, the minister has that authority over a number of health agencies, so—

Mrs. Liz Sandals: But, unfortunately, not under this—the existing legislation did not allow for that. So that would be a useful legislative step?

Mr. Ron Sapsford: Yes.

Mrs. Liz Sandals: Okay. Thank you very much.

The Chair (Mr. Norm Miller): Thank you very much for coming before the committee this morning. We appreciate it.

Mr. Ron Sapsford: Thank you so much.

MR. HUGH MACLEOD

The Chair (Mr. Norm Miller): Our next witness, Mr. Hugh MacLeod, is coming to us via teleconference, and he's on the line. Can you hear me, Mr. MacLeod?

Mr. Hugh MacLeod: Yes, I can. Can you hear me?

The Chair (Mr. Norm Miller): Yes, we can. If you want to, first of all, either swear an affirmation or, if you have a Bible there, you could do an oath with our clerk.

Mr. Hugh MacLeod: Affirmation.

The Chair (Mr. Norm Miller): Okay. Our clerk will go ahead, then.

The Clerk of the Committee (Mr. William Short): Mr. MacLeod, do you solemnly affirm that the evidence you shall give to this committee touching the subject of the present inquiry shall be the truth, the whole truth and nothing but the truth?

Mr. Hugh MacLeod: Yes, I do.

The Clerk of the Committee (Mr. William Short): Thank you.

The Chair (Mr. Norm Miller): Also, just to confirm that you received a letter giving information for a witness testifying before the committee?

Mr. Hugh MacLeod: Yes, I did.

The Chair (Mr. Norm Miller): Very well. Go ahead with your opening statement, then, Mr. MacLeod.

Mr. Hugh MacLeod: Good morning from Edmonton, Mr. Chair and committee members. My name is Hugh MacLeod. I have a very brief opening statement. First, I'd like to lay out for you a brief overview of my Ministry of Health and Long-Term Care work experience; and secondly, provide a high-level chronology of my experience with base hospital air operations, Dr. Chris Mazza and the emergency health services branch.

First, turning to my Ministry of Health and Long-Term Care work experience, in the fall of 2002, I was headhunted from my position as senior vice-president, Vancouver Coastal Health. In December 2002, I signed an employment offer with the Ontario Ministry of Health and Long-Term Care as assistant deputy minister, acute care services, and within that, responsibility included base hospital air ambulance operations.

In February 2003, I commenced employment as ADM for acute care services. For the period in 2003 to July 2003, I managed a SARS command centre for care co-

ordination and transfer. For the period of August 2003 to 2004, I performed the full role of the ADM, acute care services division, that I was recruited to. In July 2004, I moved from the ADM acute care services file to set up the health results team. The team was responsible for reducing wait times for cancer, cardiac, cataract, hip, knee, MRI and CT; creating the 150 family health teams and the LHIN structure. In July 2004, I began the transitioning of my ADM portfolio, including base hospital air ambulance operations, to another ADM, and began recruitment for the health results team. In December 2004, a formal announcement was made that I was appointed the associate deputy minister and executive lead of the Premier's health results team, and with that announcement included the names of the health results team leads.

In mid-2007, there was a reorganization of the ministry, with a new organizational structure. The deputy at the time gave me the position of assistant deputy minister responsible for the wait times file; the family health teams; the LHINs; provincial programs like cancer, Cardiac Care Network, renal dialysis and diabetes; and the OMA file. I left the ministry in March 2008.

1030

With respect to my history with base hospital operations, for context, the period would be February 2003 to September 2004. In February to March 2003, there were a number of briefings by the Ministry of Health's emergency health services branch, including Dr. Chris Mazza, with regard to air ambulance.

Key messages from that briefing:

The associate minister, Dan Newman, and his chief of staff were strong proponents, and work was already under way on a conceptual design, a redesign of air ambulance services. This was due in part to a number of studies, coroners' cases and recent audits that identified gaps between dispatch and service delivery.

In and around April and May 2003, we are now in the thick of SARS. I retain the service of the late Dr. Bill Sibbald, then physician-in-chief at Sunnybrook hospital, to assist me in managing ICU surge capacity and critical care issues due to SARS. I had many conversations with Dr. Sibbald about gaps in critical care, lack of integration, disconnects of critical care transitions and disconnects between dispatch and base hospital. Needless to say, SARS put a spotlight on care disconnects and problems with transitions of care.

Some time in spring 2003, Dr. Sibbald set up a meeting with myself and Dr. Mazza to discuss the current state of affairs. Dr. Mazza once again shared information about previous studies, coroner's cases, consulting studies and recent audits, all recommending changes to the structure of the air program. Dr. Mazza also highlighted the support from the associate minister, Dan Newman, and his staff with regard to a reorganization of the program using the Alberta STARS program as a demonstration but making it the Ontario model. The concept was a non-profit. The concept was to do it within the existing budget allocation.

At the same time, as a result of what we learned with SARS, there was also interest in having Mr. Mazza begin

to look at an EMAT, which was an emergency medical assessment team, including the building of a mobile 20-bed unit that could be dispatched in the province in the event of an urgent requirement. Conversations also took place at this time with a number of ministry staff, including Malcolm Bates and staff from the minister's office, to confirm again interest in moving to a new model post-SARS. The direction was clear: We were to move with all dispatch to create a new Ontario model, and Dr. Chris Mazza would lead the assessment of how this would be accomplished.

I seem to recall also around June or July 2003, a very strong letter that came in from the land ambulance steering committee, which had representation from a number of municipalities, that again shared some significant gaps in care delivery and a lack of action on behalf of the government.

On September 4, 2003, Mr. Bates tabled a document which summarized a meeting called by me to address the air ambulance issue.

In October 2003, there was a new government and a new minister, and activity on the air ambulance initiative slowed and then stopped. The focus of our briefings were briefings with the new minister and his staff, preparing for the 2004 budget and preparing and looking at ways to reduce wait times and create the 150 family health teams.

I was also aware that, during this period, Mr. Mazza had met minister's staff to highlight the previous 2002-03 work with regard to air ambulance.

In July 2004, Dr. Mazza and I met with the minister to discuss the history of the air ambulance. In that conversation, a review took place of the 2002-03 activity and the need to create an Ontario model, again, incorporating the best practices of the Alberta STARS program. Dr. Mazza, in that conversation with myself and the minister, was very clear that the integration of services could be done with little new cost to the system.

Following that meeting, an email was sent to Malcolm Bates capturing the spirit of that meeting and, again, that Dr. Mazza was to take the lead in the file to develop a slide deck for the minister. In addition, a request was made for a detailed breakdown of all expenditures to ensure to "get the biggest buy-in for the dollars we have."

There were a number of correspondences that Malcolm Bates tabled on July 30, again, confirming the need for a full breakdown, a clear understanding of what monies could be applied and my asking for complete disclosure.

I left the file again and transferred the full transition to the new ADM in September 2004. I was made aware in March 2005 that a formal announcement from the new ADM to all ADMs regarding the appointment of Chris Mazza—that he had been retained as the strategic adviser on a secondment, and attached to the March 2005 letter was an outline of the work that Mr. Mazza was to perform as special adviser. Hopefully that context will assist. Thank you.

The Chair (Mr. Norm Miller): Thank you for that opening statement. We'll move first to the NDP for questions. Ms. Gélinas?

M^{me} France Gélinas: From the personal relationship that you've had and the opportunity to work, we'll start with Dr. Mazza, did anything ever lead you to believe that we would end up where we ended up?

Mr. Hugh MacLeod: No.

M^{me} France Gélinas: It came as a complete surprise?

Mr. Hugh MacLeod: It came as a surprise given that it was very clear from the get-go this was to be a public sector, not-for-profit organization and to provide a much better integrated delivery system that was recommended in a series of reports. That had always been the intent going in.

M^{me} France Gélinas: All right. So you just said that in 2005, the ADM responsible for the emergency services branch announced that Dr. Mazza had been retained as a—and the word didn't come through.

Mr. Hugh MacLeod: On a seconded arrangement, as a strategic adviser.

M^{me} France Gélinas: As a what?

Mr. Hugh MacLeod: Strategic adviser.

M^{me} France Gélinas: Strategic adviser. Thank you; there's a little bit of noise in here. So he was retained and he worked for the Ministry of Health from March 2005 as a strategic adviser to set up what would be our air ambulance service?

Mr. Hugh MacLeod: That is my understanding, yes.

M^{me} France Gélinas: Any idea how long this secondment lasted?

Mr. Hugh MacLeod: I don't really know because, again, in September 2004 my focus was wait times, family health teams and the LHIN structure, so I don't recall how long the secondment period lasted.

M^{me} France Gélinas: Okay, but we all know that he ended up taking the job of CEO at Ornge.

Mr. Hugh MacLeod: We know that; yes, we do.

M^{me} France Gélinas: I will ask you to take a minute and kind of look back—I take it you know the mess that the Auditor General has uncovered at Ornge?

Mr. Hugh MacLeod: I have not read the Auditor General's report, but in preparing for this hearing I did scan a number of the transcripts so I have a general feel, yes.

M^{me} France Gélinas: All right. Just to highlight some of it, the Auditor General basically found a number of things that were not in keeping with the original idea of having an integrated air ambulance system, some of it being the creation of a series of for-profit entities; 40 of Ornge's staff were paid by the for-profit entities—because it was for-profit, their salary was not disclosed; we find out that Dr. Mazza ends up with a \$1.4-million salary; yesterday we had a human resources person here who also brought in over \$1 million in salary; personal loans were done; questionable deals regarding the purchase of a building by a for-profit that is then lent back to Ornge for a higher amount of money—we're talking millions of dollars more—etc.

1040

In all of your dealings with everybody that was trying to put this integrated air ambulance system together, looking back, you never saw any red flags; you never

saw any inkling that those people had more motives than they let us know?

Mr. Hugh MacLeod: No. Again, looking at Malcolm Bates's testimony and a couple of documents that he tabled—I'm looking now at the September 4 document that speaks to a meeting that I called, and the number one item reads, "Want to create"—and in bold print—"a public sector, not-for-profit organization modeled on the Alberta STARS program." Where this got to was quite a departure from where this started.

M^{me} France Gélinas: Was there ever any discussion about having some for-profit company attached to Ornge to leverage some of the knowledge and skills that we were to develop? Was it something that was ever thought of?

Mr. Hugh MacLeod: The only area, in my time on the file, that came remotely close to that was the Alberta STARS program. Again, that was the selling feature, I understand, in 2002, to the associate minister at the time. It was also the selling feature when Dr. Mazza and I met with Minister Smitherman in 2004. The Alberta STARS program had a feature that they could raise, through a foundation, sort of charitable donations. So that would be, from my recollection, the only area where—if you want to call that "private" and "revenue generation," that was the only area that was discussed.

The Chair (Mr. Norm Miller): The auditor wanted to add something to the discussion.

M^{me} France Gélinas: Sure.

Mr. Jim McCarter: It's the auditor here, Mr. MacLeod. I just thought I'd mention—you were asking about the dates of the secondment of Mr. Mazza to the ministry. There was a one-year secondment from April 2005 to March 2006, with a one-year renewal. I'm not sure whether the renewal was exercised or not.

Mr. Hugh MacLeod: Okay.

The Chair (Mr. Norm Miller): Thank you.

M^{me} France Gélinas: Okay. All right. Because you had put it March–April, close enough—from 2005 to 2006—

Mr. Jim McCarter: With a one-year renewal option.

M^{me} France Gélinas: Because we have testimony from Malcolm Bates that says that in 2003, you had directed Mr. Bates and others within the emergency health services branch to provide every assistance to Dr. Mazza, basically as he needed. Do you agree with Mr. Bates's characterizations that Dr. Mazza was already controlling Ornge at the time?

Mr. Hugh MacLeod: I think that's taking some liberties, because if I look at the correspondence that he tabled, it does not say that. It's pretty specific. Again, if I'm looking at the September 4 capturing of the minutes of the meeting that I called, and then the follow-up meeting on September 8—Malcolm Bates was not even there—and then the October 8 meeting, it all points to a public sector, non-profit organization incorporating the best practices of the Alberta STARS program. The Alberta STARS program did not have all the private models that eventually became part of Ornge. It was to identify an action plan and bring forward, with that action plan,

the necessary legal framework and, I guess, eventually the performance agreement, the sequential investments that were required and the timeline for moving the project further. I think a characterization that, at that time, Ornge as we now know it was on the radar screen, I would disagree with.

M^{me} France Gélinas: All right. Fair enough. When would you say that Ornge came on to the radar screen?

Mr. Hugh MacLeod: That I don't know because I was no longer on the file.

M^{me} France Gélinas: Do you know Mr. Alfred Apps?

Mr. Hugh MacLeod: No, I don't.

M^{me} France Gélinas: He was the lawyer who designed the corporate structure for Ornge. You've never met him?

Mr. Hugh MacLeod: No, I have not.

M^{me} France Gélinas: Okay. And you've never had any dealings?

Mr. Hugh MacLeod: No.

M^{me} France Gélinas: All right. How would you characterize the Ministry of Health's relationship to the air ambulance while you were there; as in, was this an important project? How did it fare regarding other duties that were going on at the time?

Mr. Hugh MacLeod: It was an important project from my understanding from the briefings in 2003. It was an important project of the ministry and the minister's office in 2002. It elevated its importance, I think, in 2003 because of all of the disconnects that were discovered through SARS. So there was some urgency post-SARS to move with, if you will, the 2002-03 plan to develop an integrated air ambulance program. In part, again, what fuelled that were all the audits, the consultant reports etc. That direction was given to Malcolm and his staff in September 2003 to move forward, and work began in September and October. As I said in my opening, it then slowed down as a result of the new government, which was now focused on briefings of the minister and the minister's staff, getting ready for the 2004 budget, but also looking at what they had on their program, particularly wait times and family health teams.

There wasn't really much activity in terms of advancing the new design of the air ambulance service in 2004 until, if my memory serves me correctly, the summer of 2004.

Mr. Jagmeet Singh: Mr. MacLeod, this is Jagmeet Singh, MPP. I'm going to be asking you some questions now, sir.

Mr. Hugh MacLeod: Yes. Can you hear me okay?

Mr. Jagmeet Singh: I can hear you totally fine. I think everyone else can as well. I'm seeing some heads being nodded.

Sir, I'm just going to ask you some questions in general with respect to the ministry's role at Ornge and in general with respect to any transfer agency. Would you agree with me that one of the primary roles of the ministry would be to oversee or to provide oversight of organizations to which it provides funding, particularly transfer agencies?

Mr. Hugh MacLeod: I would agree. In my time with the ministry, it was a wonderful experience because it was my first time within government. I had spent all my career up to that point in time on the operational side, and I got to see the level of sophistication, the loyalty of what's deemed to be the bureaucracy. I think they took that as a very important part of their job, to ensure oversight. Yes.

Mr. Jagmeet Singh: Thank you very much for that, sir. You'd agree with me that transfer agencies sometimes will work in perfect coordination with the ministry and do everything to the standards and maybe above and beyond the standards, but there will also be times when transfer agencies may fall short of that. Do you agree with that statement?

Mr. Hugh MacLeod: It's an interesting word: "perfect" coordination. I haven't seen that yet, but yes; in spirit, yes.

Mr. Jagmeet Singh: Agencies will have different CEOs or different boards of directors. That may change from time to time, but there is one constant: The government remains the primary source of oversight.

Mr. Hugh MacLeod: They remain the primary source of oversight, but within the system, there is an understanding that boards will keep to and maintain their fiduciary responsibility, which they all have, and that CEOs will operate in accordance too, and that we shouldn't have bad behaviour.

1050

Mr. Jagmeet Singh: Right. And in the odd chance that you do have a CEO or a board that doesn't follow the vision or the mandate, it would be the ministry's responsibility to ensure that that doesn't happen, or that, if it does happen, it stops.

Mr. Hugh MacLeod: The ministry has a number of, if you will, vehicles at their disposal to become involved.

Mr. Jagmeet Singh: Okay, let's talk about that. With respect to Ornge, one of the initial propositions was that it would be a public entity, a not-for-profit that would provide a service for Ontarians. Is that correct?

Mr. Hugh MacLeod: As I said earlier, when I was on the file, it was to be a public sector not-for-profit organization. That is correct.

Mr. Jagmeet Singh: Would you agree with me, then, that the corporate structure of Ornge would be of vital importance, to ensure that it maintained that initial mandate?

Mr. Hugh MacLeod: Well, corporate structure would dictate how decisions are made; the pecking order, if you will, the hierarchy, and who makes the decisions.

Mr. Jagmeet Singh: Sorry, just to be more specific: Any proposed change to the corporate structure; for example, integrating or including for-profit entities, including other mechanisms of revenue or other mechanisms of governance—the ministry ought to have had a keen eye on any changes to the corporate structure that may suggest anything but the public model. Do you agree with that statement?

Mr. Hugh MacLeod: I'm struggling a bit because I'd have to look at the context before I would make that assessment.

Mr. Jagmeet Singh: Sure. I can provide some more clarity, if you'd like.

Mr. Hugh MacLeod: Again, I came as the ADM of acute care services, so I was well aware that a number of our large, for an example, academic teaching centres did have—and it's part of innovation—opportunities to bring forward new revenue, but always being in compliance, and never to take any money from the public sector part of the funding to feed those initiatives. If they created a corporate structure within the organization to advance that work, I don't think that in and of itself would trigger somebody in the ministries to say, "Well, we'd better get involved." So it's got to be within a context, if you know what I mean?

Mr. Jagmeet Singh: That makes sense. If you were presented, however, with a corporate structure that suggested a unison between a public side and a for-profit private side—the corporate structure itself, if it was presented to you, as an ADM, or presented to the ministry, it would be of importance to assess it, to ensure that—one of the most important things would be to ensure that the public side wasn't transferring money to the private side.

Mr. Hugh MacLeod: I guess the short answer is, I'd want to be assured that there was no transfer of public funds. That is correct.

The Chair (Mr. Norm Miller): You have two and a half minutes.

Mr. Jagmeet Singh: Okay. It has come to our attention that there was an audit that was conducted of Ornge and the results of it were presented in July 2010. The audit was conducted earlier, 2008-09. Are you aware of the MNP audit that was conducted?

Mr. Hugh MacLeod: No, I have no familiarity with that.

Mr. Jagmeet Singh: Okay. I'm reading from the MNP recommendations. They indicate that their number one recommendation—and I'm not sure the numbers have anything to do with priority. The first recommendation was that, "The organization must discuss and document" the Ministry of Health and Long-Term Care's "concerns regarding Ornge's corporate structure and enter into agreed-upon revisions to their contractual relationship, if any, that are required to give the" Ministry of Health and Long-Term Care "more comfort regarding Ornge's corporate structure and its impact on the delivery of air ambulance services in the province of Ontario."

That was a recommendation, and the ministry's response, written here in the report, was, "The ministry will consider this recommendation with input from the ministry's legal services branch." Were you able to hear all that?

Mr. Hugh MacLeod: Yes, I was.

Mr. Jagmeet Singh: Do you agree with me that this constitutes a very clear red flag—in your mind; tell me your opinion—that the auditors have flagged an issue, that the ministry is concerned about the corporate structure and that the ministry should proceed to evaluate

exactly what's going on and ensure that there are no concerns, to address their comfort? Do you agree that this is a very clear red flag about the corporate structure?

Mr. Hugh MacLeod: You've got me at a disadvantage because I'd like to see the full report before making that assessment.

Mr. Jagmeet Singh: That's fair.

Mr. Hugh MacLeod: But it's safe to say I would assume that whoever looked at, reviewed, that report made a decision based on what was in the report. Again, it would be difficult for me to make an opinion on just what you gave me.

Mr. Jagmeet Singh: Okay. But in general, you would agree that, though innovation is encouraged, and innovation is important, it's essential that the ministry oversee to ensure that the way these corporate structures are created prevents public money from being transferred to the private side?

Mr. Hugh MacLeod: Yes. On that, I think it's clear that that is not to happen. The reason why I was hesitating on your question is because in life, if you want someone to be innovative, with innovation comes a risk. I would not be suggesting that you micromanage to the nth degree and, therefore, halt all innovation.

However, on the point that you just last made, it is very important to ensure, again, no transfer of public funds to private endeavour.

M^{me} France Gélinas: Thank you.

Mr. Jagmeet Singh: Thank you very much, my friend.

The Chair (Mr. Norm Miller): We'll move to the government side. Mr. Zimmer.

Mr. David Zimmer: My name is David Zimmer.

Mr. Hugh MacLeod: Good day.

Mr. David Zimmer: I have questions in three areas: One is the early birth or genesis of the concept of Ornge, then I'll have some questions about the use of consultants in the early stages of the birth of Ornge, and then I have some questions about Dr. Mazza's management style.

Let me start first with my questions about the genesis or birth of the Ornge concept. I'm going to read to you an excerpt from Hansard at a previous hearing of this committee. It involves a series of questions and answers from Mr. Klees, a member of this committee, to Mr. Malcolm Bates.

From Mr. Klees to Mr. Bates: "Why do you believe that Mr. MacLeod made the decision to essentially take your authority away and hand it to Dr. Mazza?"

Answer from Malcolm Bates: "I believe he was given direction, but I'm not sure. In the information we have, it was direction from—well, I will tell you, back in 2003, first-hand, I know that direction was given by the minister's office in 2003 that this particular transfer from the ministry to a not-for-profit organization was to be accomplished and accomplished quickly. There is evidence of that as well. In 2004, it carried on in the same vein that this would be accomplished. It was not whether, according to Mr. MacLeod, it was how soon."

Question from Mr. Klees: "Did you ever get any indication as to where Mr. MacLeod's directive came from?"

Answer, Malcolm Bates: "As I said, in 2003 it was relatively clear to me because I met with Michael Mjanes, who was chief of staff to the associate minister, Dan Newman. At that particular point, Mr. Mjanes was very clear with us that the proponents of this particular service change wanted it done and wanted it done quickly, and the minister"—that is, Minister Clement—"supported that."

1100

You also said in your opening statement—and I think I've got it correctly; if I don't, just correct me. You stated that Dr. Mazza claimed support—that is, for this Ornge concept—from Associate Minister Newman and Minister Clement. You went on to say that it was clear to you, from Associate Minister Newman and Minister Clement, that MacLeod was told to move with great dispatch and that Mazza would be in charge.

What prompted you to come to that opinion that Associate Minister Newman's chief of staff and Minister Clement were pushing this Ornge concept to the extent that they were, and why it seemed so urgent to them that the leadership for the concept be turned over to Mazza?

Mr. Hugh MacLeod: Just for clarity: not the leadership but the lead for the development of a potential plan.

On your first question of why, as I mentioned in my opening, in the briefings that I had in that period—February to March 2003—it was very clear to me that there had been a number of conversations that had taken place in 2002, again, in a follow-up to the audits, the consulting reports etc. and the need for a transformation of air ambulance service.

I think what elevated the importance of moving forward was SARS. SARS put a huge spotlight on just how fragile the system was, and the disconnects. There were a number of conversations that took place during that period. There was also post-SARS. There was the David Walker expert panel, which is now beginning to look at what lessons could be learned from SARS. There was the Justice Campbell commission on SARS.

I think all of that together fuelled the desire to move quickly to begin the design of a new air ambulance service, and given Dr. Mazza's involvement way back into 2002 and going forward, he was the logical choice, in the comfort of, at that time, the minister's office, to take the lead on the design of what that new design would look like.

Mr. David Zimmer: Did it surprise you or concern you that this rather dramatic change of moving air ambulance from its traditional home in the professional Ontario civil service to a private entity, albeit not-for-profit, under the lead of a non-civil servant—did that surprise you or cause any concern or second thoughts?

Mr. Hugh MacLeod: At that point in time, none of that was on the table. The initial work was, again, to scope out the how, what it would look like and what all the potential issues were. Again, in the meeting I called in September 2003, it was all about [inaudible] a clear series of questions and answers to potential issues that may be asked by the deputy minister. So the lead for Mr. Mazza, because of his familiarity with "the program,"

was to design and deliver a plan, and that plan did not, at that point in time, include what we now know of as Ornge.

Mr. David Zimmer: Is it your view, then, that at that time there was no sense that the civil service was being reduced to a secondary role in the development of this plan?

Mr. Hugh MacLeod: No. In fact, I think the minutes clearly state that what Malcolm Bates tabled September 8, in the October 8 minutes—which was the first time I'd seen them, because I was not part of those discussions—clearly sets out a pretty onerous set of responsibilities of the ministry in working with Dr. Mazza to develop the plan.

Mr. David Zimmer: There has been some suggestion from some of the witnesses heard previously here that some of the impetus to drive the Ornge concept emanated from the so-called Red Tape Commission, which was on a mission to reduce bureaucracy. Do you have any sense that that played a role in the shift to Ornge from the civil service?

Mr. Hugh MacLeod: I can't speak to that. The thought was, again, in the briefings that took place in 2003, and as anchored by the audits, the reviews etc., that by bringing all the pieces together in an integrated fashion, one of the outcomes should be the reduction of bureaucracy and levels and, if you want to call it that, red tape. But that wasn't the primary motivation. The motivation was to build a model built on a very successful model in Alberta called the STARS program, which was truly an integrated air ambulance delivery system.

Mr. David Zimmer: Did you have any sense that, once the associate deputy minister's chief of staff, Mr. Mjanes, got involved in this and it was communicated quite clearly that both the associate minister, the minister and, indeed, the government of the day supported this and particularly supported Dr. Mazza's involvement in this—did you have any sense that Dr. Mazza had any back-channel relationship with the minister's office or the offices of the government of the day?

Mr. Hugh MacLeod: No more than any other individual in the health care system. No.

Mr. David Zimmer: What do you mean “no more than any other individual?”

Mr. Hugh MacLeod: Well, many times, CEOs of organizations would have conversations with the ministry and also with the minister's office—so no more than others.

Mr. David Zimmer: Let me ask you a question about the use of consultants in these early stages. It has come out at this hearing that a Toronto law firm, Fasken and Calvin, has been spotlighted for billing something in the order of \$7 million to \$9 million as external counsel for Ornge in the process of setting it up and restructuring it and so on. We know that Fasken's got involved in the very early stages of the development of the Ornge concept.

From the documents we've received, the arrangement went something like this: The Minister of Health at the time, Mr. Clement, was obviously interested in pursuing

an overhaul of the air ambulance. His choice of lead on that was Dr. Mazza. Dr. Mazza, at the time, was employed by Sunnybrook, which housed the air ambulance program. Mazza was provided with a team of very senior lawyers and consultants, many of them Conservatives, who were situated at Fasken's to support him. They were hired via Sunnybrook. Those individuals were Lynne Golding, Minister Clement's wife; Guy Giorno, a former Harris chief of staff; and Kevin McCarthy, who is currently Minister Flaherty's chief of staff. Those folks worked with Mazza to lobby the minister of the day and other government representatives to work on the setting up of Ornge. In effect, instead of having the bureaucracy completing the job, they gave it to Mazza and those consultants, who got paid through a hospital budget to in fact lobby the government to do things for which the government had already said it wanted to do. Were you aware of those arrangements or that stuff that was going on?

Mr. Hugh MacLeod: No.

1110

Mr. David Zimmer: Do you think that type of an arrangement is appropriate in the public administration?

Mr. Hugh MacLeod: I can't comment because you're bringing something new to me, and I'd have to see the full context.

Mr. David Zimmer: Do you think that's an effective use of taxpayers' dollars?

Mr. Hugh MacLeod: To do what? I don't understand the question.

Mr. David Zimmer: Paying those kinds of consultants to lobby the government to take an approach to setting up Air Ornge for which the government has already committed itself.

Mr. Hugh MacLeod: Well then I think you've answered the question. If they had already committed themselves, I don't know why you'd do the work.

Mr. David Zimmer: I'm sorry, I didn't hear your answer.

Mr. Hugh MacLeod: You just said they had already committed themselves to doing it. So I'm assuming they had already committed themselves to do it because they believed it was a good plan in the first place.

Mr. David Zimmer: Yes.

Mr. Hugh MacLeod: That's what I'm assuming. Again, I wasn't there until 2003, so I don't have knowledge of what transpired prior to my arrival in February 2003.

Mr. David Zimmer: When did you first meet Dr. Mazza?

Mr. Hugh MacLeod: As I said in my opening, some time between February and March 2003. It was part of the usual, as the new ADM from the province of British Columbia. There was a series of briefings, including briefings from Malcolm Bates and the crew in the emergency health services branch and Dr. Mazza about land ambulance, air ambulance, base hospitals etc. In that time frame was the first time I met him.

Mr. David Zimmer: And what was your impression of Dr. Mazza? Some people have described him as a

charismatic visionary; other people have described him in other terms. What was your impression?

Mr. Hugh MacLeod: My first impression was, very bright, very charismatic, good on his feet and able to articulate a vision and a concept extremely well.

Mr. David Zimmer: When did you last have dealings with Dr. Mazza?

Mr. Hugh MacLeod: On this file, it would have been, I would guess September 2004. I did have further dealings with him, and I believe this would have been around 2005 or 2006. Now I'm on the wait times file, and I think it was around the summer of 2005. We had commissioned a piece of work, an expert panel on critical care. The critical care report came down, I think, in spring or summer 2005. In that report, which was authored by about 65 physician leaders in the province, Dr. Mazza had a role in what we refer to as "surge capacity" in critical care. We had a conversation at that time about what were some options to build surge capacity in the event that we had another outbreak like SARS. But it was nothing really to do with the air ambulance; it was to deal with critical care.

Mr. David Zimmer: So over your couple of years of working with or knowing Dr. Mazza, did your impression or view of his management style or his vision or the way he executed his vision—did it in any way change?

Mr. Hugh MacLeod: Well, at that point in time while I was on the file, there was no execution of the vision. These were early days of planning for the redesign of the air ambulance system. In that regard, I was quite impressed, as others were in 2002 and 2003, about his vision for what the air ambulance system could look like: again—he was very clear in all the briefings—modelled after the best practices of the Alberta STARS program and that it would be a public sector, not-for-profit organization. So on that, yes, I agreed, and I thought his vision of what this could be was sound. But at that point in time, there was no execution. This was still early days of planning. So I couldn't comment on his execution.

The Chair (Mr. Norm Miller): You have three minutes.

Mr. David Zimmer: Thank you, Chair.

So fast-forward now to 2012. Looking back over the last six or seven years, keeping in mind your skills and experiences as a health care administrator, and knowing what you know now of where the Ornge concept ended up, where do you think and how do you think it came off the rails?

Mr. Hugh MacLeod: I guess that's the million-dollar question, or maybe it's bigger than a million-dollar question—

Mr. David Zimmer: I'd be very interested in your answer.

Mr. Hugh MacLeod: —that you're all grappling with.

I guess on a very high level, something went wrong, from what I think was the vision of what could be a very good and integrated air ambulance delivery system, on the execution side. I can't answer the question, "What happened?" On the execution side, something happened.

Again, by looking at the transcripts that I quickly went over, there appeared to be a shift—maybe a distraction—from what was initially to be a public sector organization in the management of public sector funds to some distraction in the creation of a number of private sector entities. Maybe in all of that distraction, something happened in the execution. That's just my hypothetical, based on what I observed.

But again, I think when you have two governments, multiple ministries, countless reports that say, "It's time for a redesign; build on the principles of the STARS program," and everybody bought in—it wasn't the plan that was at fault here; something happened in the execution.

Mr. David Zimmer: Thank you.

The Chair (Mr. Norm Miller): Thank you very much. We'll move to the opposition. Mr. Klees?

Mr. Frank Klees: Thank you. Good day, Mr. MacLeod.

Mr. Hugh MacLeod: Good day.

Mr. Frank Klees: I'd like to just pick up where you left off in your discussion with Mr. Zimmer as to how we move from a vision to a nightmare, which is what I think we ended up with here.

I think we all agree that the initial concept had a good direction. We needed coordination; we needed to introduce efficiency into the program. The fact that two governments saw the wisdom in that certainly seems to at least endorse the direction. What I would like to do is just identify a couple of the components of that so-called vision.

I had the discussion with Mr. Bates as well as with a number of others over the last few weeks on this very issue. The question that I put to them I'm going to put to you as well, just to see if we have some consistency in what that initial understanding was. That is this: Was that original concept that was incorporated into that cabinet submission, the MB-20, and incorporated into the performance agreement—did that at any time include the concept of bringing in-house the ownership of aircraft: helicopters, fixed-wing aircraft, assuming responsibility for the maintenance and overseeing an entire carrier industry?

Mr. Hugh MacLeod: I really can't answer that because that happened—and I'm not trying to duck it. I was not involved in those conversations. What I can say to you is, those questions that you are asking were not part of the deliberations that I was involved in, leading up to the building of the plan. Those conversations that you just put to me were not part of the 2003-04 conversations.

Mr. Frank Klees: Yes, and that was really my question. Was it part of the plan? Because everything that we've seen and what we've heard from other witnesses is that that was never a part. We've looked at the cabinet submissions. We read the original performance agreement. Nowhere is there any reference to this concept of purchasing helicopters, bringing the ownership of those assets into what ended up being Ornge. What you're saying to me is that you would concur with that, that that was not contemplated in the original concept that you

were familiar with and that Chris Mazza discussed with you. Is that correct?

1120

Mr. Hugh MacLeod: That is correct. In fact, I think that's confirmed by one of the documents that Malcolm Bates tabled. I'm looking at an October 8, 2003, planning meeting, which is the follow-up to the meeting that I asked for on September 4, 2003, and it begins to lay out the work for the ministry and particularly the emergency health services branch. Nowhere in this six-page document is it surfaced, what you've just put on the table.

Mr. Frank Klees: We—I shouldn't use the term "we," but there are many who have come forward, and I tend to agree with those witnesses who have come forward who have expressed their opinion that Ornge did not have, does not have the core competency to take on that massive responsibility of owning and operating a fleet of aircraft; that that is something that is highly specialized and should be left with organizations that have the expertise, have the history and have the competency in place to manage that. Would that be a logical conclusion that you would draw?

Mr. Hugh MacLeod: Well, I'd have to see—the diligence of the ministry, what they usually do, is seek out that advice and then put whatever that advice is in front of the ADM or the deputy or the minister. So I would want to see all of that and then, based on the good counsel from the ministry, make a decision. But I haven't been privy to that.

Again, going back to how this started, it was pretty clear that this was not on, if you will, the initial drawing board in 2003-04.

Mr. Frank Klees: At the point of time that a policy decision was made within Ornge—because there's no record anywhere of a decision coming to cabinet that specifically authorizes Ornge to get into that business. So what we have, so far at least, is an organization that was granted a mandate, a very responsible one, that then took it upon itself to expand that exponentially and incur, in order to get into that business, a debt of some \$300 million through a public bond offering, and nowhere on record is there any authorization from the government, formally, to Ornge to get into that business. How does that happen, in your opinion?

Mr. Hugh MacLeod: I can't answer that. I think that's probably what the purpose of this committee is: trying to uncover how decisions were made; when they were made; who was involved. I don't even know what period of time those conversations took place, so it would be very difficult for me to answer that.

I think, though, there's an important piece of context that is missing here. I know a lot has been made of my email to Malcolm Bates on July 12 where it's characterized as putting him completely in charge. That was not the case. If you read the email, it says "to take the lead on this file and prepare the necessary slide deck for the minister to take forward." That was to convince the minister of the day that all of that information—2002-03—is still relevant today. It's important.

But the last piece is even the most important piece: "a detailed breakdown of 'all fiscal expenditures'"—and these are my words—"the minister ... wants to be convinced that we have tactically set in direction how we are going to get the biggest bang for the dollars we have." This goes back, again, to the earlier conversations in 2002, 2003 and 2004 with Minister Smitherman. It was very clear that the original plan could be done within the existing funding envelope, with maybe a tweak here and there. If my memory serves me correctly, at that point in time the funding envelope was in the range of \$90 million. This was about using existing dollars wisely in the design of a new system. I think that's just important context.

Again, I can't speak to what happened. How did it move from—I'm not saying, a relatively simple plan. But how did it move from a concrete plan—again, modeled after the STARS program in Alberta, which is not a private sector the way Ornge got to be. What happened in the execution of that? I can't answer that.

Mr. Frank Klees: I guess we have our work cut out for us, trying to figure that out, because we're not getting a whole lot of co-operation from very many people.

One aspect of this, however, is the whole issue of oversight. One would expect that if a particular plan is to be executed, then we need someone to focus the organization, whether it's Ornge or any other transfer agency or organization of the government, in order to prevent it from going rogue, as this organization has been described by the minister. In order to prevent that from happening, we need in place the appropriate accountability measures and appropriate oversight mechanisms, and someone has to be appointed within the Ministry of Health, in this case, to play that role. Would you agree with that?

Mr. Hugh MacLeod: Well, I would agree that—again, as I said earlier, in my time within the ministry, coming from the outside, from the operations side, you have a jaundiced view of how the ministries operate and the level of competency etc., but you get inside and you really begin to realize these are loyal public servants, these are dedicated professionals who come to work every day to ensure the protection of the public funds, the adherence to legislation and regulation etc. So I think, in the main, they do pay attention.

I guess the challenge that you have is trying to figure out what happened here. Was it a rogue organization that just kept information private and didn't share the information with the ministry, and therefore it's all to them? Or were there some earlier signals that people didn't pay attention to?

The ministry does have a series of vehicles at their disposal when they identify, as you say, red flags. They have a number of vehicles that they can become involved. Even on my time on the file and on acute care services, there were times that there were enough red flags that were raised, and proactive action was taken by the ministry, by the minister's office to address those red flags. So the mechanisms are there.

Mr. Frank Klees: You've confirmed what we heard from Mr. Sapsford, who testified earlier. He indicated

that there are really four mechanisms available to a minister to intervene, if need be. Three of them are prescriptive, in terms of legislation, regulation and agreements. The final one is the moral suasion that a minister has because he or she is a minister, and that overrides the first three—knowing that the minister has ultimate responsibility for administration and oversight. It seems that that fourth mechanism was overlooked, unfortunately, in this case.

1130

There's another aspect of this, Mr. MacLeod, that I'd like to follow up with you on. I'm going to go back to Mr. Bates, who, I think, did not interpret your email as passively as you're suggesting it perhaps was intended. It was very clear from Mr. Bates's testimony that he took from this email, as well as from a number of others that he tabled with us, that this was really a very clear direction to him to stand down. Along with that standing down was also what he referred to in his testimony as a disbanding of the emergency health services branch unit that had oversight responsibility for air ambulance.

As a result of that, the message to us was that, notwithstanding the stated mandate of the emergency health services branch to oversee and to hold accountable this organization, they neither had the authority—which, according to Mr. Bates, was undermined by your direction. How do you respond to that?

Mr. Hugh MacLeod: I tried to get a hold of Malcolm prior to my giving evidence—he's on vacation—because I didn't want to surprise him about what I was about to say. We're asking ourselves to go back in time—2004, so that is eight years ago—but what Malcolm didn't produce in the evidence is that before I sent him that email, I sent him the draft of the email, and I said to Malcolm, "I'm going to send you an email. Tell me if it's okay"—and I don't want to capture all of what happened in 2002-03, but the essence of the email is no different than the direction that was given by the previous government in 2003—"Tell me if you're okay with sending the email." And so, he gave the okay; I sent the email. So I'm just trying to clarify for you and for Malcolm the intent.

Perhaps what happened here—and I'm just guessing. As I went through his testimony, it was quite obvious to me, because on a couple of points—I think you asked the question, "How often did you have contact with Mr. Bates?", and Malcolm talked about how every time he had conversations with him it was a tirade and Dr. Mazza was dictating to him. So perhaps what started—I'm just surmising here; again, I have not had an opportunity to talk to Malcolm. I'm not going to say it was passive, because there was a direction, but it was basically the same direction that was given in September 2003. Maybe as a result of the relationship that now emerged, Malcolm began to interpret it to have more direction than was intended originally.

Mr. Frank Klees: Speaking of relationships, can I ask, over the course of time, as you saw this Ornge organization emerging, what was your assessment? Because now you started to see Chris Mazza up close and personal. You must have had a very close eye on this, be-

cause this was a new experiment. There was a lot at risk. It was an important part of health services. Over time, did you get more comfortable with Chris Mazza as the CEO, and did your confidence grow? Or did you start to question whether Mr. Mazza was on the right track or whether he was the right person for this job?

Mr. Hugh MacLeod: I don't think it changed. It didn't change. When you say, "paying attention to the file," yes, I was paying attention to the file up until 2008 when I left the ministry, and at that point in time, if my memory serves me correctly, there wasn't a lot of [inaudible] Ornge ended up to be, so there was no reason for me to become alarmed. I only became alarmed later when I began hearing about what was in the Toronto Star and where the organization evolved to.

Mr. Frank Klees: Was there ever any discussion about this organization between yourself and anyone in the Premier's office?

Mr. Hugh MacLeod: No.

The Chair (Mr. Norm Miller): You have two minutes.

Mr. Frank Klees: You made reference to a meeting that you had with the minister and Mr. Mazza.

Mr. Hugh MacLeod: Yes.

Mr. Frank Klees: Was there anyone else in attendance at that meeting?

Mr. Hugh MacLeod: I believe Ken Chan was there, a policy adviser, and Dr. Mazza. During that period of time that I alluded to, late fall 2003 until spring 2004, the new government was preoccupied with briefings, the budget, the wait times file that I would eventually have and family health teams. I was made aware of the fact that Dr. Mazza had had a number of briefings with Ken Chan, the policy adviser, again, bringing him up to speed on what happened in 2002 and 2003 etc. So I do believe in that July meeting with the minister, Ken Chan was present.

Mr. Frank Klees: Are you aware of any other meetings that Mr. Mazza may have had with others in government, whether it was policy advisers in the Premier's office or the Ministry of Health?

Mr. Hugh MacLeod: I'm assuming he probably had a number of meetings with people at the Ministry of Health—the Premier's office, no—but I'm assuming probably a lot of meetings with Malcolm Bates and folks with emergency health services. Then post-2005, when he became seconded as special adviser, I'm assuming in that, he must have had lots of conversations with the ministry and then, no doubt, the minister's office.

Mr. Frank Klees: Was there ever a time when you received specific direction from the Minister of Health or anyone in the Premier's office to get on with this plan?

Mr. Hugh MacLeod: No, no more than the direction that was given to me following the meeting with the minister to say, "Begin putting the slide deck together and get a document to me with all the financials." No more than that.

Mr. Frank Klees: Thank you very much.

Mr. Hugh MacLeod: You're welcome.

The Chair (Mr. Norm Miller): We'll move to the NDP. Ms. Gélinas.

M^{me} France G  linas: It's nice to talk to you again, Mr. MacLeod. I want to pick up a bit as to where Mr. Klees was going. That is, in one of his questions, you answered that the ministry has a series of vehicles at their disposal if they see that something is happening that seems wrong. In your experience as an ADM, could you tell me some of the vehicles that are at the disposal of an ADM if one of their transfer payment agencies is doing wrong?

Mr. Hugh MacLeod: Well, first of all, if you combine the legislative and the regulatory, usually that's the first place to start because that begins to give you your legal construct or your framework. You are the funder, so that carries pretty significant clout, and you have the office. In my time, it was basically three offices: You had the office of the minister, so a call from the minister; or the office of the deputy, or a call from the deputy; or the office of the ADM responsible. So there are vehicles there.

When I was ADM of the acute care services file—and as I said earlier, there were occasions where there were enough red flags that came in that would begin to show a pattern. That's hopefully what the red flags will do: When you bring them all together, it begins to show a pattern. You would then have conversations within the ministry and then with the minister's office.

On occasion, supervisors were appointed. When that happened, it wasn't just, if you will, the individual coming in as the CEO; there was also coming in as the board, because typically, when you got to that situation, there was actually a disconnect not only at the governance/fiduciary level, but at the operational level. So there are tools available.

1140

But again, in my experience, probably the biggest tool that you had was, you are the funder and you are the ministry, so picking up the phone can get people's attention.

M^{me} France G  linas: I agree with you. From where I stand, it seems like the red flags were showing a pattern and that action should have been taken before.

Some of the red flags started with my party, with the New Democrats. We filed a freedom of access to information in March 2010 because the salary of Dr. Mazza was no longer being disclosed. Actually, why we did this was because there was some whistle-blower who had come to us to tell us, "Hey, this guy really gave himself a huge raise. You guys should look into this." So we filed a freedom of access to information. The freedom of access to information was answered on June 9, so a couple of weeks later, basically telling us that they had found 19 pieces of correspondence—I forgot the exact word—but none of them could be shared with us.

If you had a freedom of access to information asking for the salary of the CEO of a not-for-profit transfer payment agency of the Ministry of Health, do you figure you would have found out the salary?

Mr. Hugh MacLeod: Yes.

M^{me} France G  linas: That's the way I feel, also.

So there were 19 records that could not be shared with us.

Then comes estimates time. I know that you've had the pleasure to sit in on estimates and you know what the process entails. Well, here again, we were in 2010 and estimates came around. I'm the health critic for my party, but my leader subbed in for me. My leader is the one who had been receiving whistle-blower information, so he subbed in for me for the Ministry of Health estimates and asked 47 questions about Ornge. We didn't talk about anything else—no primary care, no hospitals; all sorts of stuff was going on in 2010—solely about Ornge. We talked about the corporate structure. We talked about the salaries not being disclosed. We talked about some issues with quality of care. The ministry was not able to answer the questions, which is fine; they promised to give us answers. No answers were given to the estimates questions till way after the scandal had hit the front page of the paper. We were in 2012 by the time we got answers.

Would you consider this a red flag?

Mr. Hugh MacLeod: Again, I wasn't at estimates—I don't know if it was a pleasurable event, as you frame it; estimates was always an interesting event—but the whole purpose of estimates is to ask the questions and to ensure that there's good due diligence on the management of the public purse. My experience with estimates is, when questions are asked, they're either answered there or there's a follow-up answer. So I can't speak to why you were not provided with answers to the questions, because usually that is the purpose of estimates: to ask the questions and get answers to the questions.

M^{me} France G  linas: From where I sit—we asked those 47 questions—it seems to me like the civil servant would have gone to Ornge and, basically, asked our questions to them, to find answers, and did their work. But the result of that work was never shared. Is this the way it usually works? If I ask—

Mr. Hugh MacLeod: Again, in my history with estimates, that's not the way it works.

The Chair (Mr. Norm Miller): You are out of time, so we'll move to the government.

Who in the government would like to ask questions? Ms. Sandals.

Mrs. Liz Sandals: Mr. MacLeod, Liz Sandals here. I wonder if I could get some clarification around a question that Mr. Zimmer asked earlier. You were discussing meetings and who was meeting with who back in 2003. With the billings that we've seen from Fasken's, it's clear that both Mr. Giorno, who you would know from your past experience with the provincial government, and Kevin McCarthy, who was also working for Fasken's but who has now moved on to be Minister Flaherty's chief of staff—it was clear that they were meeting with various political staff in both Minister Clement and Associate Minister Newman's office. That was going on at the same time as the meetings that you've described in the spring/summer of 2003 that you were holding with Dr. Mazza and I'm presuming other people more at the bureaucratic staff level. Were you aware that those political meetings were going on simultaneously?

Mr. Hugh MacLeod: No. This is a long time, but if my memory serves me correctly, in that time period,

2003, it was my understanding that Mr. McCarthy—I think his first name was Mike?

Mrs. Liz Sandals: Kevin.

Mr. Hugh MacLeod: Oh, this is Kevin. Okay.

Mrs. Liz Sandals: So maybe we're talking about two different people.

Mr. Hugh MacLeod: Okay. Because there was, I think, a Mike McCarthy who was a policy adviser in the minister's office.

No, I was not aware—

Mrs. Liz Sandals: No, this is a Kevin McCarthy who was clearly working for Fasken's.

Mr. Hugh MacLeod: Okay. No. The answer is I was not aware.

Mrs. Liz Sandals: Okay. It just didn't sound to me in your chronology that you were aware that there was also—in fact, Mr. Giorno, and I expect Mr. McCarthy, but Mr. Giorno was actually registered as a lobbyist at the time.

Mr. Hugh MacLeod: Yes. I've never met the individual.

Mrs. Liz Sandals: Okay, but you know him as Mr. Harris's chief of staff at the time. I just wanted to check in with you on that particular piece of information.

When things started to go astray—actually, the other thing I wanted to check in with you is that Mr. Sapsford, who was here earlier this morning, testified that he had never been briefed on or asked an opinion on the whole issue of Ornge buying its own fleet of aircraft. He essentially said what you said, which was that the conversation was always about the aircraft continuing to be provided by private operators; even though it worked for Ornge to buy their own aircraft—it was started while he was still the deputy minister—that he in fact had never been briefed on it.

You talked about “Did anybody ask permission?” Clearly nobody at Ornge asked permission because the deputy minister of the day wasn't involved in a policy discussion about whether or not this was the right thing.

Is this the sort of thing that it would be useful to include in performance agreements, in legislation? As we move forward and look at transfer partners and how do we prevent this, that there actually be an explicit requirement for public sector non-profits to check in with the government in advance of taking on major capital debts?

Mr. Hugh MacLeod: That's a big question. Again, you'd have to look at the full health care system and ask yourself, is this just one additional impediment barrier to managing of the system? Again, something happened here that you folks are trying to get your arms around, and I wouldn't want to put a cast on *[inaudible]* who abide by the rules. The rules of the day, if you will, are very transparent and have boards that understand their fiduciary responsibility.

1150

I think the question is, what happened? Did those conversations take place in that period of time—March of, I think it was 2005, and I think the auditor said until 2006, when Dr. Mazza was seconded? What was the breadth of the conversations that took place then that led to the

creation of what you now know as Ornge? I think those are important questions to ask.

Mrs. Liz Sandals: As a general policy point of view, though, what I think I heard you say—contradict me, please, if I'm wrong—is that as we move forward as a public accounts committee and look at recommendations, we need to be careful that we don't create another whole round of red tape that clamps down on the ability of public sector organizations to innovate and that we need to find some sort of a balance between accountability and oversight while still leaving public sector organizations the ability to manoeuvre in ways that benefit taxpayers and benefit citizens receiving services.

Mr. Hugh MacLeod: I think that's a fair assessment. I guess I've been in this business a long time, and when things go wrong, whether it's bad behaviour or whatever, everybody else shouldn't be penalized. Good governance is good governance. It's governance that understands their fiduciary responsibility and understands the separation between their role, which is ensuring that the policy frameworks that they create are being administered and followed by the CEO and, particularly in public non-profit organizations, ensuring that public dollars are used for public purposes and not for innovative private-sector purposes.

Mrs. Liz Sandals: Interestingly, that's the same line that Mr. Sapsford drew: ensuring that public dollars are only used for public purposes.

Mr. Hugh MacLeod: Yes, well, they have to be, because again, that's why the dollars were allocated in the first place to the transfer agencies.

Mrs. Liz Sandals: Thank you very much. You've been very helpful, Mr. MacLeod.

The Chair (Mr. Norm Miller): We'll move to Mr. Klees.

Mr. Frank Klees: Mr. MacLeod, I believe you asked the question once, “Do we bury or spin bad news to avoid internal and external transparencies that could provide a compelling case for change, and suppress the truth in the organization?” Do you recall asking that question?

Mr. Hugh MacLeod: I do.

Mr. Frank Klees: We may be facing that, and we may need your help to get us out of this. There's a tendency, whether it's in government or any business organization, to want to avoid the truth because there will be consequences. I think the challenge that we have in this committee and that the government has is not only to recognize what Chris Mazza and the board have done to go rogue, but if we're going to deal with this going forward, I think we also have to be very honest about what went wrong within the Ministry of Health.

The Auditor General, in his report, one of the cautions that he raised was, he made it very clear that, in his opinion, the Ministry of Health failed in its oversight responsibilities. It's one thing to say that; it's another thing to then determine where that failure of oversight took place and what it is that we have to do to address that to ensure it doesn't happen again. From someone who has been in government in a very senior role, particularly in the Ministry of Health, knowing what you know from the

auditor's report—no doubt you've seen reports on these proceedings—what would you recommend we do, specifically with regard to the issue of oversight at the Ministry of Health?

Mr. Hugh MacLeod: That's a million-dollar question. That's the whole purpose of why your committee was convened. I haven't had the luxury of—I don't know how many people have given evidence about history, chronology etc. But from an outsider looking in, it's obvious to me that, again, as I said earlier, something went wrong with execution both at the board level and at the C-suite level of Ornge.

I think the question is—and you talked about spin or truth—how much did they hold back? As a result of them holding back—I guess you'll determine that through your deliberations—it caused the situation you now find yourself in in Ontario. On the other side, were there some missteps in the ministry in not following up—I can't answer that. And if so, what correction can be taken?

If there's some tightening that I think, as an outsider looking in, perhaps is needed in future performance agreements that should be signed by both the board and the CEO, it would be—I guess I didn't hear all of Mr. Sapsford; I only heard the last 15 minutes—clarity in the performance agreement that no public sector funds can be used for any other purpose. I'm not suggesting that if that clarity was there and signed off on it would have avoided some of the execution issues at Ornge, but I think it would have probably gone a long way in that regard.

Mr. Frank Klees: I just have a couple of questions. Leading up to this hearing, Mr. MacLeod, have you had any discussions with anyone at the Ministry of Health here?

Mr. Hugh MacLeod: No, I have not.

Mr. Frank Klees: My final—

Mr. Hugh MacLeod: The only conversation I had was with your clerk. What I asked for is, "Give me any documentation that made reference to my name."

Mr. Frank Klees: Okay. Well, thank you very much.

Mr. Hugh MacLeod: You're welcome.

The Chair (Mr. Norm Miller): Thank you, Mr. MacLeod, for taking part in the proceedings today.

We are now recessed until 1 o'clock this afternoon.

The committee recessed from 1158 to 1303.

MR. JONATHAN LEE

The Chair (Mr. Norm Miller): I call this meeting to order. I call our first presenter this afternoon: Jonathan Lee, pediatric transport paramedic. Please come on forward.

Mr. Lee, just to confirm: You received the letter for a witness coming before the committee?

Mr. Jonathan Lee: I did.

The Chair (Mr. Norm Miller): Great. Our clerk has either an oath or an affirmation for you.

The Clerk of the Committee (Mr. William Short): The Bible is in front of you there if you want to do the oath.

Mr. Lee, do you solemnly swear that the evidence you shall give to this committee touching the subject of the present inquiry shall be the truth, the whole truth and nothing but the truth, so help you God?

Mr. Jonathan Lee: I do.

The Clerk of the Committee (Mr. William Short): Thank you.

The Chair (Mr. Norm Miller): Welcome to the committee. You can take the time to do an opening statement if you'd like, and then there will be questioning by the three parties. Go ahead.

Mr. Jonathan Lee: Good morning, everybody. My name is Jonathan Lee. I have spent the majority of my 18-year paramedic career working in Ontario's air ambulance system. I started flying in 1998. I have worked in both northern and southern Ontario. I have worked on helicopters; I have worked on airplanes.

I ended my 10-year helicopter stay in Toronto approximately two years ago when I transferred to the newly formed Ted Rogers Paediatric Transport Team. It's a unit that Ornge runs out of its Markham base, and it is a team of seven that are specialized in the transport of children aged 28 days to 17 years.

Before you begin your questions, I'd like to take a moment to express to you how both flattered and surprised I am at being called before the committee. As an employee of Ornge, I obviously have a great deal of interest in the goings-on of the committee but must make it clear to you that I have been, up until this point in time, no more than a passive observer in the process.

I hope you are mindful of the fact that I did not receive any information regarding the substance of the questions that are about to be asked of me, so it was very difficult for me to prepare. Furthermore, my role at Ornge is limited to basically patient care, so I don't know how much pertinent information I will have for the goings-on of your committee.

I would like to add also that I'm here to speak for me and don't make any claims as to representing the opinions of anybody else in the organization.

The Chair (Mr. Norm Miller): Great. Thank you very much for that statement. The government will ask questions first, so I'll turn to—who am I turning to? Mr. Moridi.

Mr. Reza Moridi: Thank you, Mr. Lee, for appearing before this committee. Before yourself, Mr. Lee, two of your colleagues on the front-line staff from Ornge appeared before this committee. Their insight was very helpful to the committee, and it was quite beneficial.

I would like to begin by asking you, how long have you been at Ornge, working at Ornge as an employee?

Mr. Jonathan Lee: I've been at Ornge since it has been Ornge. I was in the air ambulance system when it was Ornge; I was in the air ambulance system when it was Ontario Air Ambulance. I worked for Canadian Helicopters, and I worked for the Ministry of Health before that.

Mr. Reza Moridi: So you practically started working at the current Ornge before it became Ornge.

Mr. Jonathan Lee: I'm sorry; I've also spent 10 years in a helicopter, so I can't hear you. You've got to speak loud.

Mr. Reza Moridi: Okay. Would you explain your role at Ornge? What's your role?

Mr. Jonathan Lee: Right now?

Mr. Reza Moridi: Yes.

Mr. Jonathan Lee: My role right now with Ornge is strictly patient care. I'm part of a paramedic/nurse team that works in specialized critical care transport. Its role is to basically move pediatric patients from the community into a tertiary pediatric hospital. I spend the majority of my time working out of Markham in a land ambulance, bringing most of my patients down to SickKids. I am a provincial resource, though, so if there are children in need outside of the immediate area, Ornge has the ability to put me on an airplane or a helicopter and I will go up to—where did I go the other day?—Sault Ste. Marie, to bring a patient down in an airplane to other tertiary hospitals, like Ottawa or London or Hamilton.

Mr. Reza Moridi: Could you give us a sense of a day in the life of a pediatric transport paramedic at Ornge?

Mr. Jonathan Lee: As far as what I do, how I spend my day, it really depends on the day. It could be a day where I sit and do nothing all day. It could be a day where I come in at 10 o'clock and I work 12, 14 or 16 hours straight. It's really quite variable. It just depends on how many children are sick that day.

Mr. Reza Moridi: Could you tell us why you wanted to become a pediatric paramedic?

Mr. Jonathan Lee: Pediatrics?

Mr. Reza Moridi: Yes.

Mr. Jonathan Lee: Specifically pediatrics?

Mr. Reza Moridi: Yes.

Mr. Jonathan Lee: It was a good opportunity to change for me when they opened the team up in Toronto. It was a new challenge. Pediatrics tend to be something that a lot of health care professionals are a little shy around. It was nice to have the opportunity to take a bit of extra training and a bit of extra time and to specialize in what is normally sort of an uncomfortable patient population for some providers.

Mr. Reza Moridi: Would you tell us why Ornge was attractive to you?

Mr. Jonathan Lee: Why Ornge was—

Mr. Reza Moridi: Yes, as an employer. What made you become an employee of Ornge? Were there particular reasons that you could tell us?

Mr. Jonathan Lee: It's a difficult question because I didn't really become an employee of Ornge; they kind of became an employer of me. I was a Ministry of Health employee. I'm a helicopter paramedic first and foremost. That's where I started. I went through a number of employers while I had the same job and the same locker, and I just sort of landed at Ornge.

Mr. Reza Moridi: So you would say that there was a kind of natural transfer from the previous employer to Ornge.

1310

Mr. Jonathan Lee: Yes, it was, very much.

Mr. Reza Moridi: Could you give us an explanation, a brief idea, basically, of the culture of Ornge—the changes that took place earlier this year? Earlier this year, as you know, there were some changes made in Ornge. The culture changed. Could you explain those changes to us?

Mr. Jonathan Lee: The culture change?

Mr. Reza Moridi: Those changes you may have felt.

Mr. Jonathan Lee: I can tell you what I feel, and that's about it.

Mr. Reza Moridi: Yes.

Mr. Jonathan Lee: From a day-to-day operation—it's certainly a more relaxed environment when you're dealing with people in head office. They seem to be a little less on edge now. It's certainly a more open environment than it was a year ago at this time. But, how is it right now? It's certainly a warmer culture.

As for the front-line paramedics, what are things like right now? Things are just—up in the air, right now, I think is probably the easiest way to describe it. It depends on the day and it depends on who you talk to.

Mr. Reza Moridi: Did you ever interact with Dr. Mazza?

Mr. Jonathan Lee: I did, yes.

Mr. Reza Moridi: You did. What was your impression of him?

Mr. Jonathan Lee: My interactions with Dr.—let me frame the answer to the question: I dealt with Dr. Mazza perhaps twice in the last five or six years. My dealings with him have been very limited since he became a suit-and-tie, MBA kind of guy. I had a great deal of dealings with him when I initially started in air ambulance. He was very heavily involved in the medical operations of the air ambulance in Toronto at that time. So I did countless hours of training with him, hospital time with him, so I had a very decent relationship with him that way, medically speaking.

Mr. Reza Moridi: What other front-line staff would have—their impression of Dr. Mazza? Do you have an idea?

Mr. Jonathan Lee: What—

Mr. Reza Moridi: Other front-line staff, like yourself, what would they think? Or what was their impression of Dr. Mazza?

Mr. Jonathan Lee: Well, I expect that their impression would be like Mr. Wade's yesterday or like Mr. Doneff's, or anywhere in between. It really would depend on who you speak to. It's a difficult question for me to answer.

Mr. Reza Moridi: Dr. Mazza and his executive team members told the ministry and also the minister that the for-profit entities which they created would have no effect on the Ontario operations. Do you have any particular view on that statement?

Mr. Jonathan Lee: I have no idea how the for-profit parts of the company would interact with the actual day-to-day operations—that's way above my pay grade.

Mr. Reza Moridi: That's basically what they said. They said it's not going to affect the Ontario operation.

Mr. Jonathan Lee: I don't know what to tell you, sir.

Mr. Reza Moridi: You don't know.

Mr. Jonathan Lee: That's not me. I don't have any shares in any companies.

Mr. Reza Moridi: Have you noticed any changes in Ornge, in terms of culture and otherwise, since the new leadership was placed a few months ago?

Mr. Jonathan Lee: Yes, I do. I think—again, I've got to be careful. I certainly was very hopeful when things changed. It was a very difficult environment. I think the problem right now is there are a lot of things that need to be fixed and the things that need to be fixed are not quick fixes. I know right now I'm sort of trying to be patiently optimistic. Is that sort of a good way of putting it?

Mr. Reza Moridi: So would you say that the environment has been improved?

Mr. Jonathan Lee: Yes, certainly, it has been improved.

Mr. Reza Moridi: Good. My colleague Mr. Klees makes comments about Ornge not having the right skilled people to run and operate Ornge. He has even gone on to say, "I wouldn't want to be a patient of Ornge." Can you explain the effect of this sentiment on the front-line staff at Ornge?

Mr. Jonathan Lee: The effect of Mr. Klees's statements?

Mr. Reza Moridi: Yes.

Mr. Jonathan Lee: I can explain it on me.

Mr. Reza Moridi: Yes, you and your colleagues—the front-line staff.

Mr. Jonathan Lee: Mr. Klees's statements don't mean very much to me on a day-to-day basis. I don't know what to tell you.

Mr. Frank Klees: He wants you to say something bad. That's what he wants.

Mr. Reza Moridi: No, no—just asking your feelings.

Mr. Jonathan Lee: I don't know how to answer the question. I can see that Mr. Klees has been very busy. Do I blame Mr. Klees for the environment right now, the abuse that we take from the public right now? I would imagine at some point, you're all a part of the abuse that I'm taking from the public right now. Is it Mr. Klees's fault? Maybe. I don't know. Am I happy when you tell me that you don't feel safe being in my helicopter? Whatever. It's your opinion. You're entitled to it. If you want to come and see me and what I do in the back of the helicopter, you're more than welcome to, and I would suggest that that would change your opinion.

Mr. Reza Moridi: Okay. What would you recommend to help improve morale at Ornge? What can be done in the future, in your view?

Mr. Jonathan Lee: I really think that we just need to get back to the business of doing what we were doing. My personal opinion is that a lot of this has become very distracting. I know that I was very optimistic when things started to change, the environment started to change. But there's a list of problems, we need to fix them, and we need to just focus on fixing them. From my perspective, that's what would make me happy. The Auditor General's report, right now, doesn't mean anything to me.

You've got stuff in front of me that needs to be fixed. Let's fix that and move on.

Mr. Reza Moridi: You may know that a number of initiatives have been introduced by the minister in the past few months. For example, a new leadership team is in place at Ornge; a new performance agreement has been signed with Ornge; also, there's proposed legislation. Do you think that Ornge is now heading in the right direction?

Mr. Jonathan Lee: I think it's heading in a new direction. I couldn't tell you whether it's the right direction or not. It was the right direction when Mazza took over. It was the right direction when we were downloaded from the ministry. You guys have a new right direction every few years. It has been my practice to just kind of hold on and ride it out.

Mr. Reza Moridi: I must tell you that in the past few months, we have heard some troubling stories in this committee room about Ornge and, in particular, what the leadership of Ornge has done. I assume that you have followed this news in the media and also at the Legislature.

Mr. Jonathan Lee: I followed some of the stories. I'm not sure specifically which ones you're referring to.

Mr. Reza Moridi: But generally you have been following the stories—

Mr. Jonathan Lee: I have, yes.

Mr. Reza Moridi: —with regard to Ornge, and the discussions in this room and also at the Legislature. As a paramedic, what are your thoughts on what has transpired at Ornge over the past number of months?

Mr. Jonathan Lee: As far as the leadership changes or as far as the troubling stories?

Mr. Reza Moridi: All of these developments.

Mr. Jonathan Lee: Like I said, we're changing. We're fixing some of the problems that we had. Some of them are easily fixed and fixed right away, and some of them are still in the process of being fixed. Like I said, I'm cautiously optimistic at the moment.

Mr. Reza Moridi: Again, over the past eight, nine months, as you know, there has been very heavy media coverage on what's happening with regard to Ornge. Most of this coverage wasn't positive. How has this situation affected the morale of yourself and also your colleagues, particularly the front-line staff at Ornge?

Mr. Jonathan Lee: I think it is what you make of it, right? Nobody wants to be the subject of abuse and ridicule, and there has been a fair bit of abuse and ridicule. How has it affected the morale? It's difficult. Has it affected my morale? It really just depends on the day. Is my morale happy at the end of a 14- or 15-hour shift when somebody is swearing at me and asking for their money back? No. That's not good for my morale. Again, I like what Brandon said yesterday: You do what you need to do to stay positive, and if you don't, then it takes you down to a dark place, right?

1320

Mr. Reza Moridi: Some people have come up to me, Mr. Lee, and said, "Enough already. It's time to move forward," with regard to what we are doing in this committee. They're saying, "You know, we have heard

all we are going to hear. Let's get back to what matters." Basically, they mean delivering the best emergency health service to the people of Ontario. What do you think about this kind of statement?

Mr. Jonathan Lee: Yes, I would agree with that statement. From what I see on my end, no system is perfect. You trust the people within the system—and I'm talking about the people in this part of the system, the part of the system that's doing things. We will figure out how to work the system. But what has happened in the last five or six years is, it has been constantly changing. Nobody knows from one day to the next what to expect, what the expectations are or how they can effectively use the system.

So, yes, I agree with that statement. I would very much like to get back to doing what I'm doing and doing it without having to testify in parliamentary committees. My apologies, sir; you're kind of on the bottom of my list of fun things to do.

Mr. Reza Moridi: Yes, Mr. Lee. In the last year and also this year, our government has taken a number of steps basically following the AG's, the Auditor General's, recommendations to fix things at Ornge. Have you noticed a difference in the organization in recent months as a result of the changes—

Mr. Jonathan Lee: Oh, certainly, yes.

Mr. Reza Moridi: —we've made as a government in Ornge?

Mr. Jonathan Lee: Certainly, and I said that initially. The organization is certainly a lot more open than it was a year ago.

Again, the front line was fairly insulated from the senior executive on a day-to-day basis. People who are up in the head office, up at Explorer, there is a huge change in the mood with those guys. It's noticeably more relaxed up there.

Mr. Reza Moridi: Things which happen at the top level, at the highest level, at the executive level, affect the front-line people as well. As you were saying, if I'm hearing correctly, there have been significant changes in the front-line staff. In terms of your morale and organization, the work culture etc., have there been?

Mr. Jonathan Lee: Again, I can speak for me.

Mr. Reza Moridi: Yes, your own feelings as a member of the front-line staff at Ornge.

Mr. Jonathan Lee: Like I said, I am cautiously optimistic. I know that things are changing, and a lot of the things are getting better. I'm trying to be patient while the other problems are cleaned up as well. Is my morale improved? Yes, my morale has improved. I can't tell you about the others' morale.

Mr. Reza Moridi: There have also been changes to patient safety and related policies at Ornge—again, in recent months, after the changes in the leadership at the top at Ornge. Policy changes with regard to patient safety—you could elaborate on that?

Mr. Jonathan Lee: I'm fairly insulated from a lot of those because I don't do a lot of helicopter work anymore, so a lot of those big changes are not me. I know they've made changes, from my patient care perspective,

as far as incident reporting and what they consider to be patient care incidents that need to be reported, how they're reported and what happens to those reports. There's certainly a more sort of vested interest in that. It's no longer just a paper trail exercise if something happens.

It's to the point where I think we got an email the other day that said—there's criteria. If certain things happen in the air, I have to fill out paperwork. Obviously, if a patient dies, it's a significant incident. But there was even a blanket email I think like a month ago that said, "If things get worse in your patient"—just very generic, if it goes poorly—"please just notify your immediate manager when you're done so that they're in the loop of any adverse events that may or may not happen in transport."

The Chair (Mr. Norm Miller): You have two minutes.

Mr. Reza Moridi: Okay, thank you very much, Mr. Lee. Thank you, Mr. Chair. That's all.

The Chair (Mr. Norm Miller): Okay, very well. We'll move on to the opposition, then. Mr. Klees?

Mr. Frank Klees: Thank you. Welcome, Mr. Lee. You indicated in your opening statement that you were surprised to be invited here. Can you tell me who you were invited by?

Mr. Jonathan Lee: Mr. Short.

Mr. Frank Klees: Can the clerk tell us who nominated Mr. Lee?

The Clerk of the Committee (Mr. William Short): I thought the subcommittee got all three lists, but maybe not.

Mr. Frank Klees: Well, Ms. Gélinas said that she did not nominate Mr. Lee. I did not nominate Mr. Lee. So it must have been the government nomination, just to clarify.

Welcome. You heard Mr. Moridi make his comment. I just want to set something straight for the record. I have at no point in time ever said anything disparaging about front-line paramedics or front-line pilots. I have made reference to unqualified people who are working at Ornge. The information we got about unqualified people working at Ornge came from front-line paramedics and front-line pilots. A great deal of that focus was on managers who had been appointed to very important roles. As one of your colleagues testified yesterday, they would be introduced to managers who would then have the responsibility to, for example, manage a branch. They had never seen them; there was no experience on their resumé relating to air ambulance in any way, shape or form, but all of a sudden they were put into a position of management. That caused some concern on the part of the front line, who are out there relying on some management support and resource support.

I have also called into question the unqualified people who—some of whom work at the communications centre. That was brought to my attention, as well, primarily by pilots who were very concerned about incidents that they were subjected to as a result of someone in that communications centre being so unqualified that they

don't even know medical terminology, can't pass on appropriate information, which causes a great deal of difficulty not only for the pilot but for the paramedics. Have you ever experienced anything like that?

Mr. Jonathan Lee: It's getting better. They had a little experiment a little while ago.

Mr. Frank Klees: Tell us about that.

Mr. Jonathan Lee: You'd know better than I would the dates, but at one point they decided that our dispatch centre, which basically is divided into medical people and aviation people—so you were hired as a medical person with your medical background or as an aviation person with your aviation background, and if you were a medical person with your medical background, then you did medical things. They had a little experiment where they decided that they could make the flight people into medical people and the medical people into flight people; furthermore, if they could train flight people to be medical people, then they could train people with neither flight nor medical backgrounds to do flight or medical things. They did that for a little while, and that was less than optimal.

Mr. Frank Klees: In other words, we had unqualified people holding very important jobs, that, based on what I was told by front-line paramedics and pilots, were putting people at risk—patients, as well as pilots and paramedics.

Mr. Jonathan Lee: Yes. It made things a little bit difficult.

Mr. Frank Klees: To clarify for Mr. Moridi, who went out of his way to attempt to misrepresent what my intention was, I'm going to read from an investigations report that all of the members of the committee have. You're familiar with these, in any event, but I think it's important that we at least put some of this on the record.

This was a confidential document that is prepared for cabinet. In one of those items, February 20, 2011, the Sudbury communications centre claimed that there was a lengthy delay—or rather, the Sudbury CACC—you're familiar with what that is—claimed that there was a lengthy delay for OCC staff to answer the phone when the CACC was trying to request emergency air ambulance response, resulting in a serious incident.

1330

Another one: Renfrew CACC claimed that the OCC—that's a communications centre—delayed processing a modified on-scene air ambulance request. The implication of that, we all know.

I'm not going to take the rest of our time because I have other questions, but this is full of those.

I tell you, I make no apologies for bringing it to the forefront that under the Ornge administration, unqualified people were allowed to assume very responsible positions. And yes, I'm hopeful that that has stopped. But I believe one of the reasons it stopped is because we made it a point to make that public, and as a result of that, I believe that people's lives are better. I believe your life is better because it makes your life that much more efficient in terms of being able to carry out your responsibilities.

I'm interested in your unit, the pediatric transport paramedic unit. I understand that that was really initiated

as a result of a donation to Ornge by the Rogers Foundation. Is that your recollection, as well?

Mr. Jonathan Lee: I don't think it was initiated; we were well on our way, and then the donation came after the fact.

Mr. Frank Klees: If I recall correctly, I think it was something in the range of \$200,000?

Mr. Jonathan Lee: It was \$250,000.

Mr. Frank Klees: Right, \$250,000.

Can you help me understand—I know what your focus is. You've explained that. Do you do other calls, as well, or is it strictly—that's your specialty, but obviously you would look after other transfers and—

Mr. Jonathan Lee: I try not to. There is evidence to support improved outcomes for children when they're transported by specialty teams. So, really, that's my focus. Am I capable of doing other calls? Have I done other calls? Yes. But again, that's not a matter of routine. Those are the one-offs.

Yesterday, Brandon talked about meeting up with medics from Toronto. I was one of the medics he met up with from Toronto. There happened to be three of us on the pediatric team one day, and Brandon was by himself in London. I met up with Brandon, and we went and did calls.

It's a matter of scope of practice for me. When I chose to do pediatrics, my scope of practice changed as far as adults are concerned. I have a very broad scope of practice when it comes to children, but now, if I choose to do adult stuff, my scope of practice is very narrow. It's just a by-product of specialization. Can I help do adult calls? Yes. But I am essentially a primary care paramedic when it comes to dealing with adults. Primary care paramedics are of limited value in a lot of these ICU kinds of calls. I help out where I can with that sort of stuff.

Mr. Frank Klees: You are a critical care paramedic by training. Is that right?

Mr. Jonathan Lee: Yes, that's correct.

Mr. Frank Klees: I'd like to talk about that a bit with you. You're familiar with the term, obviously, "balanced level of care," BLOC, right?

Mr. Jonathan Lee: Yes.

Mr. Frank Klees: My understanding is that Ornge management has been suggesting that balanced level of care is the best way to provide care. For the benefit of the committee, can you describe what Ornge means by "balanced level of care"?

Mr. Jonathan Lee: I'm making this up, so just bear with me if it's not 100% accurate, because I don't have their policy in front of me.

The gist of it is that there are three levels of care within the—pediatrics aside, because, again, I'm a small group; I'm not really a good representation of the whole. Of the other 205 paramedics, there are three levels of care: There is a primary care paramedic, an advanced care paramedic and a critical care paramedic. What that means is—to make it quite simple for you, my goal, my job, when I get in the back of a helicopter or ambulance or whatever, is to go to Sudbury General and take a patient to Newmarket. To do that, I want to take your pa-

tient and I want to maintain or improve that level of care that they're getting in the hospital, and I want to do that without robbing resources from Sudbury hospital. So, you don't have to send your nurse, you don't have to send your doctor or your respiratory therapist.

Without getting too technical—as a critical care paramedic, there are a couple of things but not a lot of things that you can dream up in your hospital that I can't manage on my own. Our critical care guys will move things like intra-aortic balloon pumps; mechanically ventilated patients—patients who can't breathe; we're breathing for them. We'll run all kinds of potent drugs to maintain blood pressure.

That's the scope of practice of a critical care paramedic. You should be able to handle whatever is thrown at you.

As an advanced care paramedic, your scope of practice is fairly limited—not fairly limited; it is limited from that of a critical care paramedic. There are a number of more invasive things, a number of more drugs—the drugs scope of practice is limited. There are actually rules about which drugs you can run, as opposed to my critical care scope of practice, where it's wide open—

Mr. Frank Klees: Can an advanced care paramedic do intubation?

Mr. Jonathan Lee: Yes, an advanced care paramedic can do intubations.

If I work as a critical care paramedic with another critical care paramedic, my scope of practice is considered critical care. If I work with an advanced care paramedic and I'm a critical care paramedic—this is their balanced level of care—it is assumed that that aircraft can still function at a critical care level, because I have a partner who can intubate—that's one of the big things—who can maintain an airway with me; it doesn't change the level of care in the aircraft.

If you move to the third level of paramedic that is within the system right now, which is a primary care paramedic, their scope of practice is—this is sort of like an entry-level paramedic position. Their scope of practice is much more limited. They cannot do intubations. The number of drugs that they can administer is very limited. A lot of the hospital/ICU kind of interventions, they can't perform.

If I am working as a critical care paramedic with a primary care paramedic, that now affects the level of care of my aircraft. I can't function to my full scope of practice. It limits my scope of practice. So those are the level-of-care issues.

Mr. Frank Klees: And I understand that it's a policy of Ornge, where—at one time, the units were considered critical care units, because there had to be two critical care paramedics on board to respond to a high-level emergency. That's what I understand.

Mr. Jonathan Lee: It's been a long time since it's been that. It was that with the ministry; I think, during Canadian Helicopters.

Mr. Frank Klees: Yes, it was.

Mr. Jonathan Lee: That's when they said it was okay to staff AC/PC/CP.

Mr. Frank Klees: When Ornge became Ornge?

Mr. Jonathan Lee: Before Ornge; when it was Canadian—when it got downloaded. That's when the AC/PC/CP thing started, during Canadian Helicopters.

Mr. Frank Klees: What happens when you put a primary care paramedic with a critical care paramedic?

Mr. Jonathan Lee: Less things happen, because—

Mr. Frank Klees: And how often does that happen in the field?

Mr. Jonathan Lee: To me, it never happens, because I'm a specialized—

Mr. Frank Klees: Oh, sure—

Mr. Jonathan Lee: Like I said, I'm a bad person to talk to for this kind of stuff.

Mr. Frank Klees: But you're familiar with what happens in the field. Is that something that does happen?

Mr. Jonathan Lee: I can tell you that it happened a fair bit before I left. That happened a lot. And I can tell you that there are still primary care paramedics within the system in the south. The number of times that it happens right now? I can't tell you. But is it still happening? I assume so, because they're still—

Mr. Frank Klees: And to be clear with Mr. Moridi, this is another aspect that the front-line paramedics brought to my attention, the fact that quite often they were placed into a situation where they were unable to respond to a particular call because of this policy. That is very frustrating, I can imagine, for a paramedic. You're there, you want to provide the service, but you're actually precluded from doing so if you aren't qualified to the appropriate level. Is that right?

Mr. Jonathan Lee: I would agree with that.

1340

Mr. Frank Klees: Okay. So I'm hoping that Mr. Moridi understands that when I talk about unqualified people, it's not an aspersion on anyone. It really is a focus on the management at Ornge that allowed these things to happen.

Surely, on a go-forward basis, what we want to do is ensure that those standards of care are brought to the appropriate level so that we have people who can be comfortable on the front line; so that, first of all, whoever is doing dispatch understands their function; and so that whoever the team is, it's up to the appropriate staffing levels to ensure that we're not in a situation where, when a call came in—and there are numerous examples on this incident report—no one was able to respond because there weren't paramedics, because there weren't pilots. Those are things that are a challenge, and it's clearly something that we have to address on a go-forward basis. That we want to make sure that you've got the resources to do your job is basically what it comes down to.

Mr. Jonathan Lee: What I would like to add, though, is that when you talk about primary care paramedics, the primary care paramedics, I suspect, would be fairly offended if you told them that they were unqualified, because they are qualified. They are certified, and they are primary care paramedics. They've completed their education, and they've completed their training. They are qualified paramedics, but—

Mr. Frank Klees: Precisely. So again, thanks for that clarification, because no one has ever intended to call a primary care paramedic unqualified. The unqualified definition comes when that particular team is not qualified to respond to a particular call.

Mr. Jonathan Lee: I would agree with that. The team becomes unqualified. That's correct.

Mr. Frank Klees: Precisely. I think it's important that we all understand that context. To misrepresent that intention is not helpful, and I think what we want to do is ensure that we move forward with that understanding.

The Chair (Mr. Norm Miller): You have two minutes.

Mr. Frank Klees: I'll save it for the next round.

The Chair (Mr. Norm Miller): Very well. We'll move on to the NDP. Ms. Gélinas.

M^{me} France Gélinas: Thank you for coming, Mr. Lee. Although it is at the bottom of your fun things to do, you're here now, so we might as well get to it.

Mr. Jonathan Lee: Second from the bottom, now that I get to talk to you.

M^{me} France Gélinas: There you go. Things are looking up.

All right. You've been there for a long time, so let's focus on since you worked for Ornge. Your locker stayed the same, but your paycheque came with a different logo. Since Ornge was there, did you ever have an incident where you had to put in a complaint to your employer or to anybody else, for that matter?

Mr. Jonathan Lee: What do you mean by complaint? I've got a lot of complaints. I'm a paramedic; I complain about everything.

M^{me} France Gélinas: Okay. Give me an example as to how it would work.

Mr. Jonathan Lee: How to the process works?

M^{me} France Gélinas: Yes.

Mr. Jonathan Lee: The complaints process with Ornge, there were a bunch of different incarnations of it. I think it's called a care report now. It was at one point called a DSA. It had a bunch of different names. Regardless, the process was, you went into an online system, you entered your concern into one of different categories—it's a patient care issue, it's a health and safety issue, it's an aviation issue—you logged it, and you sent it off to—

M^{me} France Gélinas: To whoever answered those emails.

Mr. Jonathan Lee: That's correct, yes.

M^{me} France Gélinas: And then what happened?

Mr. Jonathan Lee: I didn't do anything with them after that, so I don't know what happened after that.

M^{me} France Gélinas: Did you ever hear back? Can you think of something happening with health and safety, and you put in a complaint? Does the answer come back through email? Does somebody come and talk to you?

Mr. Jonathan Lee: I'm a really bad person to talk to about that, because I haven't done a whole lot of them. I know they have talked a lot recently about improving the responsiveness to those DSAs. There was certainly a problem with a lot of those incident reports, with Ornge,

just disappearing. I know at one point Dr. Mazza came in and said it was going to be some magic thing on his desktop, where these instant reports would be flashing right on his desktop so he knew about them. I know a lot of those, under Ornge, sort of disappeared, to the point where I know a lot of people just didn't bother filling them out anymore.

M^{me} France Gélinas: They gave up because the process was not working.

Mr. Jonathan Lee: Yes, it was kind of shoddy.

M^{me} France Gélinas: Do you know if it's working better now?

Mr. Jonathan Lee: Presumably it is working better now. Again, I haven't actually done one yet, so I can't tell you. My manager said to me just the other day, "Those incident reports now are looked at by everybody, so make sure you're concise and appropriate with them." So I assume now they are being scrutinized a little bit more closely.

M^{me} France Gélinas: Who is your supervisor?

Mr. Jonathan Lee: Gail Houghton. We call her T.S. She's my immediate supervisor.

M^{me} France Gélinas: And who is Gail's supervisor?

Mr. Jonathan Lee: That would be Wade Durham, manager/director.

M^{me} France Gélinas: Okay.

Since Ornge bought the new Agusta helicopters, have you had an opportunity to work in them as a pediatric paramedic?

Mr. Jonathan Lee: Sort of. We did our initial orientation as the helicopters were coming in. I spent a lot of time in the old helicopter. I'm very happy and comfortable in the old helicopter. The new helicopter has got—there are a lot of things that have to be done just in the right way for things to work properly. I just won't do calls in that thing unattended, because I don't do enough of them. In the event that they put us in that aircraft, what I do is I'll take one of the paramedics who is working on that aircraft. He'll stay with the helicopter. He'll bring us up, and we'll go and do the call. So I have him there to handle the logistics of how the helicopter works, because I just don't do enough calls in the helicopter to be familiar with it.

M^{me} France Gélinas: Okay. There have been some problems that have been brought forward with the design of the interiors of the helicopter. The one that hit the front page of the paper, I'm guessing you know, is about difficulties performing CPR.

Mr. Jonathan Lee: Yes.

M^{me} France Gélinas: Given that you work with smaller patients, would that also apply to children, to pediatrics?

Mr. Jonathan Lee: I would suggest to you that it would apply to anybody over about the age of one, because under the age of one, I can do CPR like this. After that, I have to straighten up my arm.

M^{me} France Gélinas: So as soon as they're bigger, then—

Mr. Jonathan Lee: Then it's, yes, a bit of a problem.

M^{me} France Gélinas: Okay.

This question has nothing to do with anything; I'm just curious. Who handles the zero to 28 days?

Mr. Jonathan Lee: Oh, zero to 28 days is handled by the neonatal transport teams throughout—

Interjection.

Mr. Jonathan Lee: Yes. So SickKids, London—

Mrs. Liz Sandals: Ottawa.

Mr. Jonathan Lee: —Ottawa, McMaster. I can't forget McMaster because my old partner would yell at me. And it varies. Some of them do a little bit older, too. SickKids will do up to the age of three, so there's a bit of overlap with us.

M^{me} France Gélinas: Is the neonatal considered, like you, a special unit?

Mr. Jonathan Lee: Oh, very special. They're very specialized.

M^{me} France Gélinas: So it's a special unit that deals with neonatals only.

Mr. Jonathan Lee: Yes, very specialized.

M^{me} France Gélinas: This had nothing to do with anything; I had kind of forgotten.

When you were talking with Mr. Klees, you said that things have improved since there's been a new management team. You certainly talked about how they seem a little bit more relaxed when you call headquarters and stuff. Can you give me examples of how this affected what you do, as in the before and the after?

Mr. Jonathan Lee: How it affects me in the before and the after—

M^{me} France Gélinas: Well, you did say that things had improved. Can you give me an example as to what you based your comments on?

Mr. Jonathan Lee: Oh, the relaxed atmosphere. Like I said, just even with the interactions with the people up there, that is better.

From a front-line perspective, how is it better? Things are certainly easier. There's much more communication with the front line. There's none of the "don't talk to me until you've gone through this set of steps," or whatever. I can run stuff up the flagpole if I want to run stuff up the flagpole. That's certainly a non-issue.

1350

They are a lot more responsive to a lot of—like the helicopter, right? The helicopter was, "We're not going to talk about this. It's an education problem. You guys just don't know how to use it." Now it's, "Okay, you come forward, and you tell me the problems. We acknowledge the fact there are problems. We're going to work to fix it. I'm telling you that this is what we're doing. I'm telling you it's not perfect. I'm telling you it's just an interim solution. We are working forward." That kind of stuff just never happened before. It was, "This is what you got. Deal with it." It's a huge difference, right?

M^{me} France Gélinas: That's an improvement. I realize you're in a specialized unit. Are other paramedics in the same base with you?

Mr. Jonathan Lee: There are other paramedics, yes.

M^{me} France Gélinas: Did you notice any changes in the staffing level?

Mr. Jonathan Lee: Again, you've got to be careful because I'm not a good representation. I'm not working on the helicopter. The base that I worked at was never one of the bases that had issues with staffing, so I don't know if I could answer that and really give you any sort of real sense of what's actually happening out there.

M^{me} France Gélinas: No, that's okay.

Mr. Jonathan Lee: You need to get one of the guys from the Toronto helicopter down here. Talk to them.

M^{me} France Gélinas: Will do. My next question has to do with the training that is available. If we take your example, was the training accessible and done in a timely fashion? Was it sufficient to feel that you are well prepared to do what you have to do? How did it work?

Mr. Jonathan Lee: My pediatric training?

M^{me} France Gélinas: You can start wherever you want.

Mr. Jonathan Lee: I have not done any real Ornge initial training. All of my training was done well before Ornge arrived. I trained under the ministry so—

M^{me} France Gélinas: So who holds your certificate for critical care? Is it Ornge?

Mr. Jonathan Lee: Ornge right now, yes.

M^{me} France Gélinas: Okay.

Mr. Jonathan Lee: It's hard for me to comment on that. I know that it seems to be a bit of a lengthy process under Ornge to go through a lot of the paramedic process, the paramedic training program.

My training specifically was, again, not a good representation. It's very focused. We have a specialized team that needs to start here. Here are the resources. Bang, it's done. We started. We did Monday to Friday. We went through, and we got the training done. My training was excellent. It was very focused.

M^{me} France Gélinas: You were satisfied with the people who came and gave it to you? You felt that you were ready once you completed the program?

Mr. Jonathan Lee: It's really hard to argue with the staff physicians in the intensive care unit at SickKids. They're the ones who came down and taught us. Our own medical director—I think she runs the neonatal intensive care unit there now. She's an emergency doc. We have pediatric physicians from McMaster, from Kingston, from London. They all came down to be part of the training, as well as their own pediatric educator, who has a substantial background in education herself. We're very lucky. The pediatric team is very lucky. We get excellent education.

M^{me} France Gélinas: Okay. And do you say this because you feel there are other teams that are not as lucky as you?

Mr. Jonathan Lee: I haven't seen other pediatric teams.

M^{me} France Gélinas: Not necessarily other pediatric teams, but the other training. Is there anything that leads you to believe that the other training that's offered within Ornge is not of the same quality as what you got?

Mr. Jonathan Lee: They're offered on a larger scale, so it becomes that much more difficult. They have economies of scale and geography to overcome so it's very

difficult to compare those programs. The critical care programs right now—and again, I’m making this up because I am not in it, and I don’t teach them. It’s hard to get people in in a timely manner when you have to get people from Thunder Bay and from Peterborough. It’s a process, and I know it takes a little longer than they’d like it to take.

M^{me} France Gélinas: Are you the only pediatric team in Ontario?

Mr. Jonathan Lee: In Ornge.

M^{me} France Gélinas: In Ornge.

Mr. Jonathan Lee: Yes. There’s a pediatric team based out of SickKids and a pediatric team based out of London, as well. They’re hospital-based teams. London will move patients up to the age of 18, and SickKids will move patients up to the age of three.

M^{me} France Gélinas: Through Ornge Air Ambulance or through land?

Mr. Jonathan Lee: Both.

M^{me} France Gélinas: Through both, okay. So they will send their paramedics?

Mr. Jonathan Lee: Most of the hospital-based teams are all nurse-based teams.

M^{me} France Gélinas: Okay.

Mr. Jonathan Lee: Nurses, RTs, that sort of stuff.

M^{me} France Gélinas: If I’m putting a lens of equity of access, I’m really proud that Ontario has this team of dedicated pediatric paramedics. I think this is great. If you look at the geography of Ontario—and you probably know that I’m from northern Ontario—

Mr. Jonathan Lee: I went to school in Walden, so you don’t have to tell me about that.

M^{me} France Gélinas: Oh, there you go. I live in Walden also.

If you look at the geography of Ontario, what you offer to southern Ontario: Is it equally accessible to the people of northern Ontario?

Mr. Jonathan Lee: What I offer?

M^{me} France Gélinas: What your team offers.

Mr. Jonathan Lee: Am I available to the people of northern Ontario? Certainly. Is it going to be as fast? No. It’s far. But I will get up there. They sent the guys to Fort Frances the other day—Fort Frances to Winnipeg, that’s far.

M^{me} France Gélinas: Yes, that’s far.

Mr. Jonathan Lee: I think the team right now—when I left the base, they were on their way to Sault Ste. Marie. I was in Sault Ste. Marie on Monday. We were on Manitoulin Island the other day. Do I get up there? Certainly. I’ve gone up to North Bay a couple of times. So we get up there.

Now you need to discuss, is it worth me getting up there? Is it worth waiting for me to get up there or is it easier to find some other way to do it? It’s a by-product of—

M^{me} France Gélinas: Of the distance. I’m fully aware.

Mr. Jonathan Lee: —the distance.

M^{me} France Gélinas: Who makes those decisions?

Mr. Jonathan Lee: Who?

M^{me} France Gélinas: Yes.

Mr. Jonathan Lee: That is a Medcom decision. That’s a dispatch decision.

The way the process works is, if you are in Sudbury and you have a patient who you want to move, you’ll pick up the phone and you will call CritiCall, which is a separate organization which helps to manage beds for the province. They’ll find you a bed. Whatever your problem is, they find it for you. Once that’s done they will contact our dispatch, and our dispatch will determine if they meet the criteria to fly and, for lack of a better term, how sick you are and what level of care you need for the trip. Based on that, they have a big map that says, “Your patient in Sudbury: There are one, two, three, four different options to move them down. This one will be half an hour, this one will be two hours, this one will be six hours,” and then they’ll pick, based on time, how time-sensitive it is, and based on how sick you are and what level of care you need.

M^{me} France Gélinas: I take it that you listened to some of the testimonies that were done yesterday. We’ve heard that at this time last year, some of the paramedics were feeling that some of the decisions that had been made to delay launch, to change things, were really having an effect and basically demoralizing them and some of their co-workers because they didn’t feel that they were giving out top-quality care. Was the same thing felt within the unit that you work in?

Mr. Jonathan Lee: Again, I’m a bad example, because I don’t do scene calls. That launch criteria just doesn’t affect me.

I can appreciate the fact that if you are a helicopter paramedic and what you are bringing to the table is speed of transport—that’s what you’re offering—and you start delaying and making me slower, that’s not going to be good for my morale and that’s not going to be good for my efficiency, right?

M^{me} France Gélinas: Do you know that this was true? Do you know that this has happened?

Mr. Jonathan Lee: The launch policy?

M^{me} France Gélinas: Yes.

Mr. Jonathan Lee: Yes, of course.

M^{me} France Gélinas: You knew about it, then. You knew that some of your colleagues were not happy about it?

Mr. Jonathan Lee: Correct. I think that started before I left the helicopter, actually.

M^{me} France Gélinas: Oh, did it?

Mr. Jonathan Lee: I think so.

M^{me} France Gélinas: Okay. Do you know that it’s better now?

Mr. Jonathan Lee: It is better. Yes, they stopped it. It’s done. They’re not doing that anymore.

M^{me} France Gélinas: So they don’t do that anymore?

Mr. Jonathan Lee: Yes. That was a huge thing for the guys on the front line.

M^{me} France Gélinas: My colleague wants to ask a few questions.

Mr. Jagmeet Singh: Thank you very much for being here, and sorry that you've been on the hot seat for so long.

What I want to do with the time that I have remaining is basically hear from you, from a front-line worker, what recommendations you have to make Ornge better. What would you want to see happen to make it run better, work better, so that you can do your job to the best of your abilities?

Mr. Jonathan Lee: I'm very optimistic about Mr. McKerlie—and again, my dealings with him are limited, but even on face value, there's a huge difference between listening to the town hall meetings and the communications from Mr. McKerlie and the ones from Mazza et al. That makes me very happy.

If you're asking me what needs to be fixed, you know about the helicopter. That's a bit of a big deal. Mr. Klees has talked about our dispatch centre and the primary care paramedics within the system. I think you tackle those issues, and then you leave me alone and you let me take care of people, and I will go take care of people.

1400

Mr. Jagmeet Singh: Is there a policy or something that would help you be left alone to do your job more effectively? Is there something that we could—

Interjection.

Mr. Jagmeet Singh: Oh, you mean this process.

Mr. Jonathan Lee: I mean you leave me alone. I can deal with everything else. You are the problem, sir.

Mr. Jagmeet Singh: My apologies.

Mr. Jonathan Lee: Did you like that? It wasn't you.

Mr. Jagmeet Singh: I know.

What about if we break it down more specifically, with the helicopters? Besides the helicopters, is there anything else with being a primary care medic in a helicopter that can make the job easier or better?

Mr. Jonathan Lee: Like I said, the helicopter has got to be fixed. It's obviously—

Mr. Jagmeet Singh: So, the helicopter space. Besides that?

Mr. Jonathan Lee: How can it be fixed?

Mr. Jagmeet Singh: No, besides that. There are issues with the interiors—

Mr. Jonathan Lee: Yes, those are the four big things that are, for me—and again, half of it I deal with; half of it, I don't. You need to make that helicopter a functional helicopter. And I know that can't be done like that—or it could be done like that, but it's going to cost you another \$150 million. So that needs to be fixed.

The staffing is another issue. Again, it's not that I don't appreciate what's happening. You cannot snap your fingers and make another 30 critical care paramedics. That doesn't happen. It takes years. And I don't even care if you choose to hire primary care paramedics, but you need to at least train them. So you need to fix the staffing. You need to fix it so that it's appropriately staffed.

You need to sink some money and some time and some effort into the dispatch centre and make sure that it's being run appropriately and as efficiently as possible.

Mr. Jagmeet Singh: Okay. And just to target the dispatch centre, if you could isolate some of the key problems that you notice with the dispatching, what are some suggestions, as a front-line worker?

Mr. Jonathan Lee: I think Mr. Klees talked about it. It was difficult to try to talk medical talk with pilot people. I'm assuming it's also difficult to talk pilot talk with medical people. And then if you had neither a pilot nor a medical background, that was difficult.

I don't know. I'm not a dispatch expert at all. I don't know what happens in there. I know I feel bad for them, because they make decisions right now, with information coming from 12 different people that may or may not be accurate—and then Mr. Klees and his thing can sit back and judge in retrospect and say, "Well, you didn't do this. You had a 10-minute delay to get to that call in Sudbury." Well, you don't know if he's sitting for 10 minutes, saying, "Wow, there's a burnt baby in Sudbury, and there's a guy having a heart attack in Espanola, and there's an old lady having a stroke in Sault Ste. Marie." So I have got to decide which one of those four things has to happen before I send the helicopter to that scene call that got delayed for 10 minutes.

I'm not making excuses for them, but I'm just saying there's a lot that goes on within that system, and I don't know the best way to make it efficient.

The Chair (Mr. Norm Miller): It's time to move on to the government and Ms. Sandals.

Mrs. Liz Sandals: We go around again, but it will be shorter this time.

Mr. Jonathan Lee: I was hoping that you were going to say that.

Mrs. Liz Sandals: It's going to be shorter this time. We won't have as much time, so the end is near.

The issue around the advanced care and the critical care paramedics: You've talked about training. I take it that Ornge is the only trainer of critical care paramedics. It isn't that you can go to the local employment office and hire a critical care paramedic. The only way you can get a critical care paramedic is, hire an advanced care one and train them up.

Mr. Jonathan Lee: Correct.

Mrs. Liz Sandals: So in the situation that we've got, where they aren't standing around, waiting to be hired, in fact the approach we need to take is what I think I'm hearing you say is going on, which is that there are advanced care paramedics but they need to be trained up to the same level as you. So the approach that needs to be taken is being taken. It's just going to take some time to happen.

Mr. Jonathan Lee: Oh, it definitely is. Is it being taken? I don't know. I assume so. Like I said, I'm not really involved in that, but I recognize the fact that that takes time. Is it taking too long? Could it be done quicker? I don't know, but it needs to happen.

The other problem is that you can't just take randomly—I can't just take Mr. Klees and turn him into a paramedic, right? Well, I could, but he wouldn't be a very good one. He needs to get experience along the way. It's a process and it takes time.

Mrs. Liz Sandals: So everybody has to start at primary, get some experience at primary, train up to advanced, get some experience there—

Mr. Jonathan Lee: Exactly.

Mrs. Liz Sandals: And then train up to critical care and then, in your case, go a fourth step beyond that, which is to be a pediatric specialist.

Mr. Jonathan Lee: That's correct.

Mrs. Liz Sandals: The other front-line people that we've talked to have tended to be either pilots of one sort or another or paramedics who seem to be associated with particular aircraft.

Mr. Jonathan Lee: Correct.

Mrs. Liz Sandals: It seems to me that your model is a total flip. You're specializing in kids and you get sent wherever there's a sick kid who needs transfer to tertiary care.

Mr. Jonathan Lee: Correct.

Mrs. Liz Sandals: So even though you're based in Markham, you get the most critical kid who needs transfer to tertiary care and you get sent wherever the sick kid is, and then, by airplane, by helicopter or by land, get them to the nearest tertiary care facility. Am I understanding?

Mr. Jonathan Lee: Correct.

Mrs. Liz Sandals: Okay. Which one do you do the most, then—land?

Mr. Jonathan Lee: Land. By far, land. About 75%—and again, I'm making those numbers up, but about 75% of what we do is done by land. About 15% of it is done by airplane and about 10% is done by helicopter.

Mrs. Liz Sandals: With respect to the land ambulances, which are presumably standard land ambulances, whatever it is—

Mr. Jonathan Lee: Not standard; ours are very special. There are stickers, SpongeBob SquarePants—very pediatric-focused.

Mrs. Liz Sandals: Okay. So I'll get little warm, fuzzy, cuddly things to hug?

Mr. Jonathan Lee: You will. Yes. There's actually a little lion with little arms that you can wrap around, and he can give you a little hug.

Mrs. Liz Sandals: Okay. If my grandchildren need help, I'll remember you.

Mr. Jonathan Lee: You call me.

Mrs. Liz Sandals: What about airplanes, then? If you're doing a transfer on a plane, is that a specialized plane, or is that just whatever plane is—

Mr. Jonathan Lee: A bit of both.

Mrs. Liz Sandals: A bit of both?

Mr. Jonathan Lee: A bit of both. We have specialized planes. We have the Ornge dedicated aircraft, like the one in Thunder Bay, the one in Timmins, that kind of stuff. They're kitted out to do actual patient care. Then we have the standing offer agreement aircraft, which is something that I would get more commonly, which is a sort of—what's the best way to word it? It accommodates a stretcher patient. They're set up the best they can under the circumstances. They're charter aircraft.

Mrs. Liz Sandals: But they're not necessarily really good ambulance layouts like the Ornge aircraft?

Mr. Jonathan Lee: I'm not going to say they're good or bad. They're not my favourite.

Mrs. Liz Sandals: Okay. And then you get the helicopters, and it could be one of the old Canadian Helicopters or it could be one—

Mr. Jonathan Lee: Oh, I hope not, because those are only way up north, so that means I'm far. So normally right now it will be the new ones, the 139s.

Mrs. Liz Sandals: Okay. In terms of where the problems are, for those that are actually specialty vehicles, the only one where there's a problem with the specialty vehicle is the new helicopters, and they're working on that?

Mr. Jonathan Lee: As far as I understand, yes.

Mrs. Liz Sandals: The standard offer ones, as you say, they are what they are, so they're not going to magically change under anybody's screed.

You mentioned, when you were talking to Mr. Moridi, that you've been at this long enough that you actually first met Dr. Mazza when he was still the base hospital emergency specialist at Sunnybrook, and I think I heard you say that as an emerg doc, he was highly respected, you found. We never quite got to the "And then later..." Once you eventually found that Ornge was your employer, did you, in that context, with Dr. Mazza as CEO, encounter him there?

Mr. Jonathan Lee: Encounter him, yes; any sort of actual relationship, no. Obviously I had a relationship with him; I know him, so it's not that I would ignore him in the hallway. But as the CEO, he had very little interaction with the paramedics. As soon as he was replaced, for lack of a better term, by other physicians who concentrated on the medical stuff, then my dealings with him were virtually nil.

1410

Mrs. Liz Sandals: So your observations aren't one-on-one conversations more recently; they're the culture—

Mr. Jonathan Lee: Yes, I believe I said that.

Mrs. Liz Sandals: —which you've already talked about. The other thing you mentioned a couple of times was talking about paramedics taking abuse from people. Is this a recent phenomenon, or is that—you've been doing this for 18 years.

Mr. Jonathan Lee: Yes.

Mrs. Liz Sandals: Is this a new phenomenon—

Mr. Jonathan Lee: The Ornge abuse?

Mrs. Liz Sandals: Yes.

Mr. Jonathan Lee: Yes.

Mrs. Liz Sandals: Do you want to tell us a little bit about that?

Mr. Jonathan Lee: About getting picked on? It's just randomly being sworn at on the street; that's pleasant. Telling me I'm a waste of money, having my ambulance keyed, coming back to the ambulance and having little dollar signs written in the dirt: That kind of stuff is fun.

Mrs. Liz Sandals: Wow. So people are really—because they're reading so much negative stuff, they're actually taking it out on you as a front-line—

Mr. Jonathan Lee: Correct, yes.

Mrs. Liz Sandals: Because you actually do 75% of the work on the ground, they can get at you.

Mr. Jonathan Lee: Yes, exactly. The helicopter guys: They get a bit of abuse, I think, from the hospital staff, but they're not in the general public as much. Because our land guys and us are on the road, we're a bit more accessible. You can see me getting a coffee or getting—

Mrs. Liz Sandals: Yes, okay.

The Chair (Mr. Norm Miller): You have a minute left.

Mrs. Liz Sandals: No, thank you. I really do appreciate it, because I know that—we sit around committee rooms all the time and it's part of our life. This is obviously not your life, so we hope that we will get out of your way and let your life get back to normal—

Mr. Jonathan Lee: I don't want you to get out of my way. I want you to come out, spend the day with me, if you're going to make—come and see what I do when you go to make your decisions. I'm happy to have anybody here and I'm happy for you to sit and watch and for me to explain to you exactly what I'm doing and what works and what doesn't work.

Mrs. Liz Sandals: Wonderful. Thank you for interrupting the good work you usually do and coming and talking to us. That's been very helpful. Thanks.

The Chair (Mr. Norm Miller): Thank you, and we'll move on to the opposition. Mr. Klees.

Mr. Frank Klees: Thank you. I'd like to follow up on the training. Do you know how many critical care medics have been certified, say, in the last four years?

Mr. Jonathan Lee: No.

Mr. Frank Klees: Take a guess.

Mr. Jonathan Lee: Ten, twenty? I don't know. I know there's a class going on right now; that they've just started. I know that there is a class that's just wrapping up. Was there a class before that? Is there maybe—no; I'd be guessing.

Mr. Frank Klees: Okay. The word that we have is that there were very few. This, again, is one of the things, obviously, that has to be fixed.

Under the agreement that Mazza negotiated with the government, Ornge became the monopoly trainer/certifier of critical care paramedics. What that did was set up Ornge to ensure that all medics who qualified as critical care medics would have to come through the Ornge funnel. It essentially allowed Mr. Mazza and his group to totally control the critical care medic population in this province. It's one thing that I think, as a committee, we're going to have to look at, because there are other institutions that are very capable of providing that training, from what I'm told.

To have more opportunity for more advanced-care paramedics to get into a training program so that we can in fact create the mass that we need to deliver the front-line service—I think it would serve everyone's best inter-

ests. It also gets us away from this monopoly that never serves anyone well.

Mr. Jonathan Lee: I can't really comment on that. I can't really argue with the number of paramedics that are trained, because obviously there are holes. We need more; we don't have enough. But I will tell you—and I'm not even going to argue with how they do their training, but I will tell you about the end result of their training, Mr. Klees. You have some of the—actually, you have the majority of the best-trained critical care paramedics in the country in this province.

Mr. Frank Klees: We have no doubt about that.

Mr. Jonathan Lee: That comes from their training and their medical direction.

Mr. Frank Klees: Just to your point, we need more of them.

Mr. Jonathan Lee: Yes. And I'm not arguing that with you, but I'm just saying, the quality of the paramedics that they produce is very high.

Mr. Frank Klees: I understand congratulations are in order for your performance at a North American competition—this goes back a couple of years—apparently, you and Wayne Diamond. Could you tell us about that experience of yours?

Mr. Jonathan Lee: Wayne and I, when I was working on a helicopter, went to Tampa to AMTC, which is a conference that is put on every year by the same association that certifies all of the air ambulance providers, basically, in the world. They had a competition that pit all of the different air medical crews against each other in simulated patient care. So we went down to do that competition.

Mr. Frank Klees: I understand you qualified for what they called the Airmed World Congress.

Mr. Jonathan Lee: Yes, we did.

Mr. Frank Klees: How did you fare at that?

Mr. Jonathan Lee: We fared fairly well.

Mr. Frank Klees: How well?

Mr. Jonathan Lee: We placed first.

Mr. Frank Klees: There you go. Congratulations.

Mr. Jonathan Lee: Thank you. Those are your Ornge paramedics, right?

Mr. Frank Klees: Yes. That's great. Who paid for that?

Mr. Jonathan Lee: I don't know who paid for the first trip. I assume it was Ornge. For the second trip to Prague, my understanding—and again, I'm not a money guy—is that we were paid for by the Air Medical Congress. They paid for us to go over. It was their first attempt at putting on one of these competitions, and they wanted some more seasoned competitors and a bit more international flavour, so they footed the bill for us to go to Prague—I think. Don't hold me to that.

Mr. Frank Klees: Congratulations. Thanks for being here today.

The Chair (Mr. Norm Miller): We'll move on to the NDP. Ms. Gélinas.

M^{me} France Gélinas: Right now, when pediatric care is required in northern Ontario, it could very well be that the team that is based in northern Ontario ends up doing

this care because a decision has been done that the time saver is better than the specialized unit?

Mr. Jonathan Lee: That's correct, yes.

M^{me} France Gélinas: This is not something that—we would never ask your opinion as to, should your team be deployed or should the local team? Or do—

Mr. Jonathan Lee: They will; they'll ask. And I'm happy to do whatever. To be quite frank, if they're sick, I'll do whatever you want. If you're sick and you need me, we'll go and do whatever you like. It's going to take me eight hours to get up there? We'll go. But I'm also fairly realistic with my own abilities and the abilities of the system. So if you are sick and you want me to go get you, I'll go get you. But if you are sick and you are time-sensitive and you need to be moved down, then I may or may not be the quickest option if you're in Kapuskasing or some place in northern Ontario.

M^{me} France Gélinas: If you would have found yourself in a situation with your employer where things were becoming really, really bad—you don't feel that you have the equipment needed to do your job properly, you don't feel that you've been matched with people who you trust have the knowledge and skills to do what you need to do—just kind of imagine a worst-case scenario. Where would you go with that complaint? How would you go about fixing this?

Mr. Jonathan Lee: It would really depend on what the issue was. That would dictate where I went with it. Gail, my manager, is probably the first stop for most of the stuff. If it is dispatch silliness, I usually have a specific dispatcher who is responsible for us, so I'll go through him to the operations manager within dispatch. If it's a medical problem, we have an overall medical director who's easy to talk to, as well as our own specific pediatric medical director. So it really would depend on what the problem was.

1420

M^{me} France Gélinas: Would you say that most of the other paramedics you work with would have the same way of handling things as you?

Mr. Jonathan Lee: For the most part, I think, yes. You talk to your manager, fill in a care report. We're unionized staff as well, so it leaves the option of going through the CAW if it's a policy kind of issue. We have a health and safety committee that's a good avenue for—I know that a lot of the helicopter stuff went through the health and safety committee.

M^{me} France Gélinas: And you would say that you basically worked in an environment where people knew that you go through your supervisors, you fill out the form, you can go to your union. People know that there are resources out there for them when things go bad.

Mr. Jonathan Lee: You're asking me that now?

M^{me} France Gélinas: I'm asking you that now.

Mr. Jonathan Lee: Yes.

M^{me} France Gélinas: As opposed to before, maybe it was not the same?

Mr. Jonathan Lee: It was always there. The end outcome was a little bit more questionable.

M^{me} France Gélinas: Because what I'm trying to get at is that for the last two years, we've had whistle-blowers coming from your organization—people you know, people you work with. Maybe they shared that with you; maybe they have not. We're talking about people with education, skills, knowledge—people who usually get the job done. As you say, not everybody could do it. You face a lot of challenges on a daily basis, and you rise to them and you figure things out to make it work.

I'm sitting here thinking that there were systems in place to get things better. How bad could it have gone that we got so many whistle-blowers who said, "I'm used to solving problems. I know how to work it inside. I've done my best. I can't take it anymore. I think it's pretty bad—bad enough that I'm going to go to people I don't know from a hole in the ground"? They don't know me; they don't know my leader; they don't know any of us. Yet they were so desperate that they came to us, they came to the ministry, they came to the government. I'm trying to get a sense as to, on a scale of anything, how bad was it that they decided to do that?

Mr. Jonathan Lee: It was pretty bad. I worked on that Toronto helicopter. I wanted for a long time to end up on that Toronto helicopter. It's very visible. It does a lot of sick people. I've done some crazy stuff on that helicopter. That's me on the front page of the Toronto Sun or CNN or whatever, all that kind of stuff. The helicopter is there, right? It was not a very comfortable environment to work in at all. It was one of the reasons I decided to switch gears, because it was a very toxic environment. You were working very hard.

Appreciate that if I come into work and there are two helicopters and only one critical care paramedic and there are a couple of other ACPs—there are sick people in that Toronto helicopter. That one critical care paramedic: He's doing all the calls. He does a sick person; comes back; another sick person. Well, I can't send the other crew if they're not critical care, so that same medic gets back in that helicopter and keeps going. You can only go on for so long before you're tired and stressed.

It's not the same. Could you and I go and take care of a sick person? Sure. You and I can go and take care of a sick person. Is it going to be the same as two certified people? No, because I'm going to have the bulk of the workload. It's extra workload; it's extra stress. Does it affect the patient? It's not going to go as fast. I'd like to think it doesn't affect the patient. I'd like to think the care is the same, but it's not a healthy environment for the paramedics down there.

M^{me} France Gélinas: Thank you. He has a few more questions.

Mr. Jagmeet Singh: Just a couple of questions. I promise I'll be short with you—not in a bad way, but I'll be brief with you, I meant to say.

Training-wise, just out of curiosity, the way training works, people who are training to become a paramedic: Do they come and do they rotate in and get to see what it's like to be a medic with either aircraft or a helicopter or fixed-wing?

Mr. Jonathan Lee: Like regular—

Mr. Jonathan Lee: Oh. Again, for the pediatric team, the answer is no. The problem with other paramedics coming to the helicopter is—people like to come on to the helicopter, and there are probably about 300 paramedic students within a two-hour drive of Toronto right now, so if they all came out for a day, there would be one there every day. So, as a rule, no.

The training paramedics—I know one of our part-timers works in Peterborough, so they do a little draw and she brings one of her paramedic students out to do a day—

Mr. Jagmeet Singh: I see. Is there an intern process if you want to just try it out and see if it's something that you're interested in?

Mr. Jonathan Lee: Not really. Certainly, you could work part-time. That's an option.

The fact that I can only fit so much weight and so much space on the aircraft, it's very limiting for me—the number of extra people I can bring.

Mr. Jagmeet Singh: Fair enough. Do you know how many graduates from initial paramedic general training end up wanting to get into this specialized type of—

Mr. Jonathan Lee: Who knows? I imagine there are a few who want to work on that helicopter. It's pretty sexy.

Mr. Jagmeet Singh: Those are all my questions. Thank you very much. We'll leave it at that.

The Chair (Mr. Norm Miller): Thank you very much for coming before the committee. We appreciate your insight.

Mr. Jonathan Lee: Thank you, sir.

M^{me} France Gélinas: And you're the only one who worked the word "sexy" into this hearing so far.

Mr. Jonathan Lee: I'm telling you, every single one of you, come and spend the day with me. You want to decide about the helicopter stuff? Come and spend the day with me. I'm happy to have every one of you.

Mr. David Zimmer: In the helicopter?

Mr. Jonathan Lee: Well, you'd have to call the helicopter guys and ask them. But you can come and help me take care of little babies.

The Chair (Mr. Norm Miller): That's a good invitation for the committee. We'll have to consider that.

Mr. David Zimmer: Mr. Chair, would you look after that?

The Chair (Mr. Norm Miller): We can talk about it.

MEYERS NORRIS PENNY

The Chair (Mr. Norm Miller): Our next presenter is Margriet Kiel from Meyers Norris Penny. Please come forward.

Ms. Margriet Kiel: Good afternoon.

The Chair (Mr. Norm Miller): Good afternoon. Just to confirm that you received the letter for a person coming before the committee?

Ms. Margriet Kiel: Yes, I did.

The Chair (Mr. Norm Miller): Good. I understand you're doing an affirmation.

Ms. Margriet Kiel: Yes.

The Chair (Mr. Norm Miller): The clerk will do so.

The Clerk of the Committee (Mr. William Short): Ms. Kiel, do you solemnly affirm that the evidence you shall give to this committee touching the subject of the present inquiry shall be the truth, the whole truth and nothing but the truth?

Ms. Margriet Kiel: I do.

The Clerk of the Committee (Mr. William Short): Thank you.

The Chair (Mr. Norm Miller): Very well. If you want to make an opening statement, go ahead and do so.

Ms. Margriet Kiel: Sure. I'd like to.

Good afternoon, Mr. Chairman, ladies and gentlemen of the committee. My name is Maggie Kiel. I am a partner with MNP LLP and am MNP's national services leader for internal audit and enterprise risk management. I am pleased to attend before you today, provide a brief opening statement and then answer any questions that you may have.

By way of brief background, MNP is one of the largest chartered accountancy and business consulting firms in Canada, with over 2,800 team members in over 70 offices across the country, making it Canada's fastest-growing accounting firm.

With respect to myself and my qualifications, I obtained my master of business administration degree in 1995, a master of professional accounting degree in 1998, a chartered accounting designation in 1999, a certified internal auditor designation in 2002, an associate business continuity planner designation in 2009 and a certified risk management assurance designation in 2011. I have approximately 17 years of experience in the areas of corporate governance, enterprise risk management and internal audit services. Prior to joining MNP, I was the lead for Deloitte and Touche's risk management and internal audit practices in northern Australia, Papua New Guinea and Russia.

In July 2008, the Ontario internal audit division, on behalf of the Ministry of Health and Long-Term Care, sent out a request for services with respect to a review of air ambulance and related services provided to the province of Ontario as governed by the performance agreement between the Ministry of Health and Long-Term Care and Ornge, which would specifically cover the period from 2005 to 2008. I was part of the MNP team tasked to create a response to the request and was the individual who, from start to finish, spent the greatest number of hours on this engagement.

MNP provided its proposal for services on August 13, 2008, and was awarded the engagement later that month. It is important that the committee understand the nature of MNP's engagement, in that MNP was not engaged to provide an audit opinion of Ornge; rather, MNP was retained to provide a review engagement.

1430

In layman's terms, a review engagement is more limited in scope, is not intended to, and will not, result in the same types of conclusions that would be found in an audit opinion. A review engagement generally consists of inquiry, discussion and analytical procedures. Essen-

tially, a review is simply a process of asking questions and analyzing limited documentation provided by management to see if the information—financial or otherwise—is plausible or worthy of belief.

An audit, on the other hand, involves much more analysis of documentation, testing of information, corroboration of information and management assertions, with the end goal being to be able to state, with reasonable certainty, that the information is true and fair.

There were seven objectives that MNP was to report on in its review, the first one being to assess Ornge's financial management, forecasting and reporting processes and controls for the delivery of air ambulance and related services.

The second one was to assess the appropriateness of Ornge's procurement processes, specifically Ornge's ability to acquire required goods and services at the right time and in the most economical manner.

The third one was to assess the integrity of the financial and service data reports provided by Ornge to the ministry.

The fourth one was to assess whether Ornge was in compliance with the performance agreement signed with the ministry.

The fifth one was to assess whether Ornge is using provincial funds economically and efficiently in providing air ambulance and related services.

The sixth one was to assess the effectiveness of Ornge's enterprise risk management framework.

The seventh and final one was to assess the governance and accountability framework and the mechanisms in place within the ministry and Ornge over the management of transfer payments for air ambulance and related services, and ministry compliance with the requirements of the transfer payment accountability directive.

I think it's also important to note what MNP was not engaged to do, and that certain things were excluded from our review, most notably a review of any salaries of the employees at Ornge, which was not surprising, given that at the time of the engagement, the salaries of Dr. Mazza and the other executives at Ornge were still publicly disclosed.

The engagement commenced with MNP providing a list of key documents required from Ornge on September 4, 2008, followed by a kickoff meeting between MNP, the ministry and Ornge on September 9, 2008.

In response to MNP's request for documents, Ornge demanded that a confidentiality agreement be prepared and executed, and one was put in place as between Ornge, the Ministry of Finance—as that was the ministry that ultimately engaged MNP—and MNP. MNP has notified the Ministry of Finance and Ornge of our required appearance before this committee and the anticipated discussion of confidential information, as required by the terms of the confidentiality agreement.

MNP's fieldwork commenced on September 29, 2008. During that work, I personally interviewed the following individuals at Ornge: the CEO of Ornge, Dr. Chris Mazza; the chairman of the board of Ornge, Mr. Rainer Beltzner; the chair of the governance committee, Mr.

Luis Navas; the chief operating officer, Mr. Tom Lepine; the VP of finance, Ms. Maria Renzella; and two other staff members at Ornge. I also interviewed individuals at the Ministry of Health, including the director of emergency health services, Mr. Malcolm Bates. Utilizing what we believe to have been a very efficient and thorough approach, MNP was able to conclude its fieldwork by November 30, 2008, and thereafter began writing its report.

On April 7, 2009, Ontario internal audit was provided with a draft of our report for review and comment, following which the report was delivered to the emergency health services branch for their review and comment. The report was provided to Ornge on September 9, 2009.

The significant delay in being able to render a final report was due to the actions of many parties, and the six to nine months this engagement should have taken from start to finish ended up being two years. While Ontario internal audit and the Ministry of Health were reasonably prompt in providing their questions, comments and additional documentation, Ornge's review process caused a delay of over nine months in the issuance of the report. During this period, both MNP and Ontario internal audit made repeated requests for meetings with Ornge, and a meeting was held with Ornge counsel in February 2010.

On June 4, 2010, MNP issued its final report to both the ministry and Ornge and requested responses to the recommendations it had made. After some further delay in receiving these responses, MNP was able to render its final report, including these responses, on September 10, 2010.

Our report made 26 recommendations, a number of which had significant findings for the ministry to follow up on, notably that, first of all, the Ministry of Health and Ornge must discuss and document the concerns identified by MNP with respect to Ornge's corporate structure and how the performance agreement did not appear to apply to any entity other than Ornge.

The second recommendation was regarding—Ornge must provide increased, more timely and more detailed reporting to the Ministry of Health, including more formalized and documented meetings.

The third one was relating to the parties to review the performance agreement to ensure that the ministry had better tools to provide adequate oversight of Ornge and to ensure that the performance agreement was complied with.

As indicated, our report resulted in a total of 26 recommendations, which outlined deficiencies and opportunities for improvement in various areas across the organization. You will note that one of our conclusions was that "our review indicated that Ornge is using provincial grant funding economically, efficiently and for the purposes intended." While that statement is an accurate one, it must be noted that it was a specific response to only one of the seven objectives identified by Ontario internal audit in its request for service. One should not lose sight of the fact that in total there were 26 recommendations made, and to state that this was MNP's conclusion with respect to the other six objectives would be incorrect.

Finally, given what is said about Ornge in the Auditor General's report, I would be remiss if I did not note for the committee that at the time MNP conducted its review, the salaries of Dr. Mazza and the other executives at Ornge were still publicly disclosed on the sunshine list. As earlier noted, a review of salaries was not a part of our engagement. I should also note that the much-discussed purchases of helicopters and airplanes and the issues surrounding same were transactions that occurred after the conclusion of our review.

I hope that you have found my brief opening statement helpful, and I look forward to aiding this committee with its work. Mr. Chair, members of the committee, I am now pleased to answer any questions you that may have.

The Chair (Mr. Norm Miller): Thank you very much for that. We'll go to the opposition. Mr. Klees.

Mr. Frank Klees: I'd like to start by asking if you were able to secure a release from that confidentiality agreement that you had with the Ministry of Finance and Ornge.

Ms. Margriet Kiel: Both confidentiality agreements that we signed had a clause in there that we had to provide them with notice if we had to appear before a committee like this. As such, we contacted both the Ministry of Finance as well as Ornge, and we notified them of such.

Mr. Frank Klees: So there are no questions that we will ask you that you feel you cannot answer in a forthright way?

Ms. Margriet Kiel: No, I should be able to answer every question that you'll ask of me today.

Mr. Frank Klees: Thank you. How much did this report cost?

Ms. Margriet Kiel: The report in total was approved by the ministry for a total of \$287,692.

Mr. Frank Klees: Was that the initial fee or was that the end fee? Was that all-in?

Ms. Margriet Kiel: It was not the initial fee as outlined in our proposal for services in response to the request for services. Our proposed fees were \$199,475.

Mr. Frank Klees: And what accounted for the additional uptake on that fee?

Ms. Margriet Kiel: The bill was higher—approximately by \$90,000—really due to the complexity that was involved in the engagement as well as the delays in information and information requests that we sent out and subsequently, the way in which we received that information; as well as, as I outlined in my opening statement, from the time we issued our report to the time it was finalized was probably over a year and a half. You can imagine that in that time you have to speak to the various stakeholders; you're trying to set up meetings; you need to try to get people in the same room; additional documentation is provided that we need to review and consider in light of our findings and recommendations. All of that had resulted in significant additional costs. The ministry agreed that a lot of that was not anticipated, and hence we were able to recover some of that.

1440

Mr. Frank Klees: So your contract was directly with which ministry?

Ms. Margriet Kiel: It was with the Ministry of Finance and their internal audit division. And their group was, obviously, the Ministry of Health audit group.

Mr. Frank Klees: Was Mr. David Schell your contact there?

Ms. Margriet Kiel: Correct.

Mr. Frank Klees: Had you done business with Mr. Schell previously?

Ms. Margriet Kiel: No, I had not.

Mr. Frank Klees: Because it took you about a year and a half, two years, to complete this, and knowing the organization, there's an awful lot that happened from the time you started your work—it could have been a very different organization by the time you concluded. How comfortable were you in signing off on this report, knowing that it took so long? Did you have any question that there might be information in this report that was considerably outdated, or that the recommendations you made might be out of date?

Ms. Margriet Kiel: It's important to know that our review period covered the period from 2005 to 2008, and the financial information was looked at up until March 31, 2008. That was the specific scope of our engagement. Any information that was relevant up to November 30, 2008, was included in our review, and anything that occurred after that date was specifically excluded from our review. So, at that point in time, our report was obviously factual, it was accurate and it was complete.

Mr. Frank Klees: When you went into this organization and you started your questioning, who was your primary contact at Ornge?

Ms. Margriet Kiel: The primary contact who was assigned to us was Maria Renzella, the VP of finance. But most of the requests that we had—initially, we had a documentation request. All the types of information that we would like to look at, we provided to Ornge, and then we were waiting for the information so that we could review that, prior to us having interviews with key personnel. So we provided that list to Maria.

It was clear, from an early point on, that Dr. Mazza was actually driving the review, so any requests for documentation actually had to be approved by Dr. Mazza, and we would have to provide a business case for any piece of information that we wanted to look at.

Mr. David Zimmer: Sorry, did you saying "driving" or "dragging"?

Ms. Margriet Kiel: He was driving—

Mr. David Zimmer: Driving. Thank you. Sorry.

Ms. Margriet Kiel: —on Ornge's behalf.

Mr. David Zimmer: Thank you.

Mr. Frank Klees: When you say you had to make a business case for information, can you elaborate on that? What would that look like?

Ms. Margriet Kiel: We had submitted probably a two-page document that outlined all the documentation that we would want to look at, such as organization structure; financial statements; risk management framework;

governance framework; committee structure; terms of reference for committees; all their internal controls; all the financial reporting documentation; procurement policies and procedures—really, in support of all of our objectives. If Dr. Mazza did not think that that piece of information was relevant to us, he would require us to tell him specifically why we would need that piece of information, and he would assess that and make his decision accordingly.

Mr. Frank Klees: Did you have direct contact with Chris Mazza?

Ms. Margriet Kiel: Yes, I did.

Mr. Frank Klees: How often, over the course of this two-year period, would you have had a meeting with him or contact with him directly?

Ms. Margriet Kiel: We started our review on September 29, 2009, after we had that initial kickoff meeting on September 9, 2009, at which Dr. Mazza was present. From the time we started our actual fieldwork—we were on the premises of Ornge at that time—we had several interviews with Dr. Mazza because, obviously, a lot of the information that we wanted to review and wanted his comment on—obviously we wanted his input and to find out what his thoughts were on, for instance, the communication with the ministry on whether the organization was risk-based, and on a lot of the other types of questions we had. So in the first couple of weeks, when we completed our fieldwork, we had, probably, an interview with him at least twice a week. If we had to provide additional support for our information requests, then we would have contact on a more regular basis, so at the end of the day, we would have another five- or 10-minute discussion with him. Our fieldwork was completed by November 30, 2008, so from that point on, our contact was a lot less. From the time that we had issued our report to them, Ornge actually referred the report immediately to their legal counsel. So from that time onwards, we had no contact with Dr. Mazza again.

Mr. Frank Klees: I'm sorry; I missed some dates here. Your initial kickoff was September 29—

Ms. Margriet Kiel: In 2008.

Mr. Frank Klees: And you completed on November 30, 2009?

Ms. Margriet Kiel: In 2008. We did our fieldwork in a little bit over two months.

Mr. Frank Klees: Okay. Did you ever have any contact with the chairman of the board?

Ms. Margriet Kiel: Yes, I did.

Mr. Frank Klees: What was the nature of that contact? Tell us about where the chairman of the board would have been involved in this process.

Ms. Margriet Kiel: For most of our contact with the chairman of the board, it mainly consisted with respect to the last two objectives of our review. That was a review of the risk management framework as well as the review of the governance and accountability framework then in place, because obviously those touch very closely on what the board is in place for, and it all relates to governance. So we had several discussions with him on those particular topics.

Once we had finished our review of the governance framework, one of the key findings we had was that at that point in time, Ornge did not have a whistle-blower policy in place, and we thought it would be best practice and that it would be prudent that Ornge implement that whistle-blower policy. So we went to the chairman of the board again with our recommendation, and he said that Ornge had considered it but thought it was not required for Ornge at that point in time.

Mr. Frank Klees: Although in their response to the ministry, I note that they did say they would consider it.

Ms. Margriet Kiel: I was going to say: They didn't say they would implement one; they said they would consider looking at implementing a whistle-blower policy. That's correct.

Mr. Frank Klees: But the chairman of the board, in his communication with you, expressed the fact that—could you just repeat? I don't want to put words in your mouth. I'd like to know what the chairman of the board said to you directly about that.

Ms. Margriet Kiel: The chairman of the board said specifically that he did not consider that to be necessary for the organization, as he felt that the culture of the organization was such that if people would find anything that they would feel was not in accordance with policies, procedures or anything else, people would be comfortable enough to bring that to the attention of their supervisor or the immediate supervisor above that particular person.

In addition to that, the chairman of the board presented us with a note to file presented by Rhoda Beecher, who was the vice-president of organizational development and human resources. In that note, it says that, "After discussion with the executive, it was decided a 'whistle-blower' procedure was not required as part of the code. CAW and OPSEU members"—the union members—"are protected under the agreements; non-union employees are protected from reprisals in the harassment, discrimination and code policies." So that was their note to file on why they didn't think it was necessary to implement that whistle-blower policy.

Mr. Frank Klees: Could we ask for a copy of that for the clerk?

Ms. Margriet Kiel: Most definitely.

Mr. Frank Klees: Thank you. Any other discussions with the chairman of the board concerning specifically the accountability framework? Was there any additional deliberation on that?

Ms. Margriet Kiel: No; we had our interviews with him. We obviously spoke to the ministry on that objective as well. We collected supporting documents and looked at all the sources of funds and the payments that were made. At that point in time, we found nothing unusual. After our initial discussions, and perhaps we had two interviews with the chairman, we didn't find it necessary to speak to him about that again.

Mr. Frank Klees: I found it interesting in reading the report that it almost seemed as though there was a sanitization of the major headings, if I can put it that way,

because your report would make statements such as, “We find”—

The Chair (Mr. Norm Miller): I hate to interrupt, but the clerk wants to get that note just so he can copy it. Sorry.

1450

Mr. Frank Klees: There would be statements similar to the one that you told us about, that they’re in compliance. But then the report goes on and lists 10, 20 or 30 areas of non-compliance.

Ms. Margriet Kiel: Yes.

Mr. Frank Klees: You know, a lot of people just read headlines.

Ms. Margriet Kiel: Of course they do.

Mr. Frank Klees: When I was reading this, I thought what a tremendous opportunity this was, because, really, apart from the Auditor General’s work, it’s the first formal document where someone has actually been inside the front door of this organization and has made some pretty astute observations. And yet the astute observations are buried in the details, to the point where Dr. Mazza wrote a letter to David Schell on August 27, his covering letter—I’m sure you’re familiar with that.

Ms. Margriet Kiel: Yes, I have read that.

Mr. Frank Klees: —where he makes the point, “The review concluded that overall Ornge is using provincial grant funding economically, efficiently and for the purposes intended...” Everything is just wonderful, and on they go.

My question to you is, why was the report written that way? This could have been a much more helpful report to the Ministry of Health and the Ministry of Finance if it wasn’t so nice. You make bad things sound good. Why did you do that?

Ms. Margriet Kiel: Well, I don’t think I agree with that, because of the fact that we have 26 recommendations, some of them really highlighting some areas that the ministry had to look at, which subsequently in the Auditor General’s report were also confirmed. Just the mere fact that we had so many recommendations, I think, should indicate that it was certainly not a nice report and certainly not a report saying that everything is great, Ornge is doing everything perfectly and there is no opportunity for improvement. I don’t think that was the case at all.

It’s a little bit unfortunate that the readers have taken that one statement to say that that was the overall conclusion for the entire report, whereas that was absolutely not the intent. That specific recommendation purely related to objective 5, which was to look at the use and source of funds and whether the funds had been used economically and efficiently. When we did our procedures with respect to objective 5, we found nothing at that point in time—and remember that this was really in regard to the transactions that had occurred up until November 2008. That conclusion merely related to objective 5, and therefore it’s unfortunate that people seem to apply it to the entire report; whereas I think, as I mentioned earlier, we had 26 very strong recommendations, some of them being very key.

Mr. Frank Klees: One of those is on page 5 of your report, the top paragraph, where it says, “During our review of the procurement policies and processes, we noted that effective July 2008, Ornge’s board of directors revised their signing authority for approval of individual items from a \$750,000 limit to \$2 million for items that have already been approved in the annual budget. Additionally, board approval had been revised to a \$1-million limit for those items that are not already approved in the annual budget.” Then you say, “This is not in compliance with the” performance agreement.

Ms. Margriet Kiel: Correct.

Mr. Frank Klees: Unless you’re highlighting it in yellow, this could very easily be lost, unfortunately. It didn’t take long for this organization, from the time that they were handed the keys, to give themselves all kinds of spending authority.

When you submitted this report to Mr. Schell, I’m assuming that you would have had a debriefing with Mr. Schell and his people?

Ms. Margriet Kiel: Correct.

Mr. Frank Klees: Tell me of the nature of that meeting. How did the debriefing happen?

The Chair (Mr. Norm Miller): You have about three minutes, Mr. Klees.

Mr. Frank Klees: Can I just carry on into my next session, please?

The Chair (Mr. Norm Miller): Yes.

Mr. Frank Klees: I’d just like to wrap this up.

Ms. Margriet Kiel: The normal process—Ontario internal audit was the group that engaged us to undertake this engagement. By the time we issued our preliminary findings, we would have had discussions from November onwards, because we were in contact with them on a weekly basis. By that time, and until the first draft of our report was issued, we would have several discussions to say, “These are our findings. These are our recommendations. This is probably a very preliminary draft.” Then Ontario internal audit would ask us questions such as, “If you found this, what type of evidence do you have to support that finding?” They would ask with specific objectives: “What about this particular issue? Did you look at that? What about this conclusion? Is there any information that perhaps the ministry has that you haven’t reviewed?”

It is more like an internal Q&A process that we would follow in that first couple of months to ensure that from internal audit’s point of view, we have addressed all the objectives as outlined in the request for services; we’ve addressed the full scope; and that all our findings and recommendations are relevant and we have appropriate evidence to support those recommendations as well.

Mr. Frank Klees: How many of these audits would you do—when I say “you,” obviously, your organization—of this type of organization, a not-for-profit?

Ms. Margriet Kiel: Numerous. Would I have specific numbers, based on, say, a per-year basis? I would not, but it would certainly be probably in excess of 10 reviews.

Mr. Frank Klees: You included an organizational chart which has—

Ms. Margriet Kiel: We did.

Mr. Frank Klees: Actually, this is about a quarter of what it ended up being, and that's on page—I guess it's an attachment, isn't it? "Current Corporate Structure of Ornge." How many organizations that you've done this kind of report on would have had an organizational chart that looks remotely like this one?

Ms. Margriet Kiel: For a not-for-profit organization?

Mr. Frank Klees: Yes.

Ms. Margriet Kiel: Probably not a lot.

Mr. Frank Klees: Any?

Ms. Margriet Kiel: Not that I can recall, but I also don't think that most of the not-for-profit entities I would have looked at would be charged with such an enormous responsibility as providing air ambulance and related services. The scope of the organization is obviously tremendous.

Mr. Frank Klees: Except that not very much on this chart here—not too many of these boxes have anything to do with providing air ambulance service. Most of these boxes have to do with a whole lot of other stuff.

Ms. Margriet Kiel: At that point in time, in 2008, obviously we looked at the organization structure, but the only thing we could review at that time was really management's intentions. We could look at the objects, to see whether they were in line with the objects of Ornge. At that point in time, they did align. Management's intentions, as they outlined them to us, did not appear to be unusual. For us, as you say, the organization structure was unusual, and that's why we did highlight it in our report. But certainly, based on the detailed review that we did, there was no specific transaction that would cause us to say, "This corporate structure is used for purposes not intended by the performance agreement."

Mr. Frank Klees: I understand that, but it was obviously sufficiently interesting to you that you would raise that as a recommendation for the ministry to look into.

Ms. Margriet Kiel: Absolutely, and it was recommendation number 1.

Mr. Frank Klees: Chair, I'm going to defer at this point. Thank you very much.

The Chair (Mr. Norm Miller): Okay; very well. We'll move on to the NDP, then. Ms. Gélinas.

M^{me} France Gélinas: Now that you've had an opportunity to look back and see the good work that our Auditor General has done, we'll start with—what was the reason for the huge delay? Is this common? It looks like it cost us \$90,000 to have this delay. Did we get our money's worth out of this delay? If you could comment on that.

Ms. Margriet Kiel: The delay was, I think, certainly unusual. I don't think I have ever worked on an engagement where it took two years, or more than a year and a half, from the time you issue a draft report for it to be finalized. So that was certainly very unusual.

1500

The delays were caused by numerous reasons, one of them being—the first delay occurred when the whistle-blower letter was received in mid-November 2008. At that point in time, we ceased all activities on that engagement because obviously the very nature of the forensic investigation that internal audit had started at that point in time really had to do with the integrity of management. Seeing that a review engagement is very much focused on obtaining management responses on interpreting the information provided, we really had to make sure that the forensic investigation would not show up anything, because obviously at that point in time our report would have to be considered, to say the least. That was our first delay, of probably about two months, because I think—

M^{me} France Gélinas: Sorry; because you received a letter that talked to you about they did not want a whistle-blower procedure—you'll have to say that again. I don't see the connection.

Ms. Margriet Kiel: No, no. Okay, it has got nothing to do with that note that was just passed to the committee. What I'm referring to is the whistle-blower letter that was provided to the ministry, of an employee of Ornge.

M^{me} France Gélinas: Okay.

Ms. Margriet Kiel: And then the ministry obviously sent in their forensic team to investigate whether the issues brought up in that letter—whether there was any substance to those.

M^{me} France Gélinas: Oh, so it's that whistle—

Ms. Margriet Kiel: It's the whistle-blower letter, yes. Does it make sense?

M^{me} France Gélinas: As you've completed your fieldwork, you started to do a little bit of debriefing with the Ministry of Finance. Smack in the middle of this, the whistle-blower starts to raise the alarm bell with the Ministry of Health. The Ministry of Health sent their own audit team into Ornge, so that's the first delay of two months.

Ms. Margriet Kiel: Correct.

M^{me} France Gélinas: Okay. Continue.

Ms. Margriet Kiel: Once we had the clearance on that and they found nothing really to substantiate the allegations, we continued our debrief with the Ministry of Health internal audit team.

I think two things really caused a delay, the first one being that the internal audit department of the ministry really wanted to have a staged process in the review of the report. What that meant was, rather than sending the report out to each party at the same time, when we had our first draft, they really wanted to stagger it to say, "First, the ministry is going to look at it and provide any comments to see whether there are any factual inaccuracies and, if so, give them the opportunity to provide additional documentation and support so that we can review that and see whether it would have any impact on our recommendations." The next party that looked at it was the emergency health services branch. Once the ministry was okay with it, it was sent to the emergency health services branch.

They did find one of the recommendations that we initially had made was with respect to—a risk assessment had to be done on the transfer payment accountability directive. Based on representations from other members of the emergency health services branch, they had told us that that hadn't occurred. As a result, we found that obviously to be not in accordance with that directive. The emergency health services branch therefore was provided with an opportunity to look for some backup documentation that they could provide to us to say, "Have you or have you not undertaken that risk assessment?"

They provided us with that documentation; it took about two months for them to collect that. It was provided to us. We would take two weeks to review it and to see whether it would have an impact on our finding and recommendation. In this case, it did, because we found sufficient evidence that they, in fact, had done a risk assessment. That took another three months, probably, to conduct and for them to say, "We're okay with the report in its current format."

The report was not provided to Ornge until September 2009.

M^{me} France Gélinas: There are months missing here. We're in November 2008. Two months for the whistleblower, and we're now in January.

Ms. Margaret Kiel: Yes.

M^{me} France Gélinas: Two months for the ministry to—you didn't say how long for the ministry to review.

Ms. Margaret Kiel: From the end of January until the end of March, so two months for the Q&A process of the internal audit department. We had a first draft version of the report by April 7, 2009, that was provided to the ministry.

M^{me} France Gélinas: So first draft. We're now in April.

Ms. Margaret Kiel: Yes, correct. On April 28, we received the okay from the ministry. At that date, the report was provided to the emergency health services branch.

M^{me} France Gélinas: Okay. Then it took them two months to give you the information—

Ms. Margaret Kiel: Yes. Initially, there was already a delay to get some meetings happening, because it took them some time to get all the key players in the room who needed to review this report. So we did not have a meeting until June 26, 2009.

M^{me} France Gélinas: Is it just me who thinks that from April 28 to June 26—this is two months to arrange a meeting. How busy are those people, anyway?

Ms. Margaret Kiel: Unfortunately, I can't tell you that, but it certainly took a little bit of time to get that initial meeting.

So then we're in late June. The emergency health services branch disagreed with the finding around the accountability directive, and it took approximately two months, seven weeks, for them to provide additional evidence that would support their point of view that they had indeed conducted that risk assessment. We then took two weeks to review that information, and we actually subsequently took out that finding and recommendation.

Accordingly, a revised version was issued to Ornge on September 9, 2009.

M^{me} France Gélinas: All right. We're now on September 9, 2009.

Ms. Margaret Kiel: Yes.

M^{me} France Gélinas: You still have another 12 months to account for, because—

Ms. Margaret Kiel: Absolutely. We're not there yet.

M^{me} France Gélinas: All right; keep on.

Ms. Margaret Kiel: We were advised at that point in time that the report, from Ornge's point of view, was handed over to their legal department. Legal, at that point in time, was sort of our main contact, from their point of view, of reviewing the report. Ornge wanted to go through it line by line, to find out whether they were in agreement or not in agreement with the findings outlined.

M^{me} France Gélinas: Who were the people that you dealt with who legally represented Ornge?

Ms. Margaret Kiel: The in-house legal counsel.

M^{me} France Gélinas: Maria Renzella?

Ms. Margaret Kiel: No, she was a VP of finance. It was Catherine Rosebrugh. She was their legal counsel.

M^{me} France Gélinas: Only Catherine?

Ms. Margaret Kiel: Yes, she was our main contact at that point in time.

According to Catherine, they had their internal review process. She said that, obviously, Dr. Mazza looked at it and the board looked at it, and they provided some initial comments. Based on their comments and additional information that they provided, a revised version was sent to them on October 23, 2009.

M^{me} France Gélinas: Okay, so a revised version was October 23, 2009.

Ms. Margaret Kiel: Correct. I think it was within a week of that revised report that we were told that legal counsel had fallen ill, quite seriously, and that she had to undergo numerous treatments. So, pretty much, as legal was our main contact—and as I mentioned earlier—from the time the draft report was issued to Ornge, from that time onwards, we had no contact anymore with Ornge people like Dr. Mazza or the chairman of the board.

She fell sick, so in the ensuing months, we constantly tried to say, "Okay, where are we at? We sent you a revised report. Can we have an exit meeting? We would like to conclude this report. We would like to issue it." Every two weeks, it was either MNP or it was the Ministry of Health internal audit team that would say, "Okay, where are we at? Can we get a meeting? Can we get the exit meeting scheduled?" And we did not have a meeting until February 1, 2009.

M^{me} France Gélinas: February 1, 2010.

Ms. Margaret Kiel: In 2010, yes. At that time, legal counsel, Catherine, was still ill, so we kept swapping emails, kept swapping phone calls to say, "Okay, where is it at? Can Dr. Mazza and the board please sign off? We've gone through this report in a lot of detail. It's ready to go."

Nothing really happened until April 9, 2010, when a new lawyer started with Ornge. Her name was Lisa Kirbie, and she was then our main point of contact. We

had very regular email and phone conversations with her, probably every two weeks, to say, "Okay, why can't we get sign-off? What's going on?" She would say, "Well, I'm going to try to get Dr. Mazza's approval by the end of today," and then we would get another email saying, "He's not available; he's going away for a couple of days," so it was another week. All up, it did not get signed off by Ornge until June 4, 2010.

1510

M^{me} France G  linas: Wow, that reads like a soap opera. Any more?

Ms. Margriet Kiel: Well, it continues on a little bit. We're not quite there yet.

On June 4, since we had gone to all the stakeholders and everybody had reviewed the report and provided their comments and they were accepting all the findings and recommendations as they were, we were then asked by internal audit to send out the report on that date, June 4, 2010, to both the emergency health services branch as well as Ornge and to obtain the management responses, because obviously that's something that we always try to get before we issue a final report.

We asked for responses back by July 12, 2010. Emergency health services branch gave their responses on July 16, 2010. However, we received a note from Dr. Mazza saying, "I won't be able to meet that deadline. I need to submit this report to my board for their review and their approval. I already have a full board meeting for July, so it won't be able to go to the board until August 2010." Obviously, it went to the board there, I can assume, and they gave us their responses on August 27, 2010.

We then incorporated all the responses, had some contact again with internal audit, and then issued the final report on September 10, 2010.

M^{me} France G  linas: Is this one story that you tell often, as in the way not to conduct that kind of business, a case study into what should not be?

Ms. Margriet Kiel: Well, if there was actually something that we could have done about it, then perhaps you could use it as a case study, but we had no control over this process.

M^{me} France G  linas: The part that I found rather peculiar is when Ornge decided, "Okay, we're not going to deal with this anymore. Legal is going to handle it." Is this something you've seen in not-for-profit health organizations before?

Ms. Margriet Kiel: I must say, I have not seen that. I can't speculate on the reasons that Ornge decided to take that approach: for legal to be the main contact for us and to really handle the finalizing of the report. It's definitely unusual.

M^{me} France G  linas: The person who got sick, it seems it would have been a good time to say—well, maybe somebody else in legal—at the end of the day, it was Dr. Mazza who signed off on it, but he wouldn't budge. He wanted legal to be your contact.

Ms. Margriet Kiel: Correct.

M^{me} France G  linas: And you tried to say, "Well, this thing has to move," to no avail?

Ms. Margriet Kiel: Absolutely.

M^{me} France G  linas: Now that you can look back, did you make any connection between this experience—because really, it was an experience—and what we've now discovered with the working of our Auditor General?

Ms. Margriet Kiel: Obviously, I've read the Auditor General's report, and I think he mentions in there that it was difficult to get information from Ornge and that it oftentimes took a long time to get that information. We encountered the same problems.

M^{me} France G  linas: The exact same.

The one line that everybody is quoting from your report, that you've made it clear that this is a line that is being used out of context because it refers specifically to objective 5, and people are using it to describe—have you ever mentioned that to anybody, that those comments that were first made by Dr. Mazza that all was well should be used appropriately, as in, this is for objective 5, not for the whole report? Did you ever share that with anybody except us?

Ms. Margriet Kiel: As in—

M^{me} France G  linas: As in when you did your debriefing with the Ministry of Finance, when you talked to the people at the Ministry of Health, emergency health services, anybody else.

Ms. Margriet Kiel: Obviously, the responses would have been sent to the Ministry of Health internal audit team—because at that point in time it was about management response, so they would not have been provided to us because we were engaged by the internal audit group. So the management responses went straight to the ministry's audit team. Normally, it's best practice that management responses—they can reply in whatever way they see fit. So internal audit would have seen how we would have replied. Whether they necessarily agreed with it or not, I can't comment on that. Organizations are certainly allowed to respond however they see fit and agree or not agree.

M^{me} France G  linas: If we look at the size of your report—you have the seven objectives. If we look at all of the recommendations that you've made, to me, as somebody who takes the time to read it all through, you had already flagged a number of areas that needed significant improvement. This gets shared with the ministry—at the same time as a whistle-blower blows a whistle. Months go by. In your experience, would it be normal for some action to be taken during those months of waiting? Sure, you hadn't finished your work, but you had given them a first final draft. Then a year and a half went by. It seems to me that during that year and a half, time was not used wisely to act upon your recommendations.

Ms. Margriet Kiel: I think from the time we issued our report and our recommendations, in the year and a half afterwards, we would not have known whether the ministry had taken actions based on our recommendations. We would not have that information.

My first observations or what I heard about it was really when the Auditor General issued his report and at the time that he performed his audit work, as well as his

conclusions, findings and recommendations. He was saying that he agreed with what we had found and, at that point in time, it was still the same. Obviously, the Auditor General was questioning, as well, why was no action taken?

I think, from some earlier comments I heard, one of the few things that were implemented was more formalization of the quarterly meetings and that they would be minutes and signed off.

The Chair (Mr. Norm Miller): You have a couple of minutes.

M^{me} France G  linas: Just to focus on that, we're now in July 2010. You were about to release your September 10 final report with the responses that you had. Did you debrief anybody on this, on and after September 10, once you finally got the sign-off from everybody and delivered what we now have? Who did you debrief?

Ms. Margriet Kiel: There was no debrief. At that point in time, the report was finalized. We had received management responses, and the report was issued to the Ontario internal audit team. After that, we had no interaction with any of the parties.

M^{me} France G  linas: They had this for a year and a half. When they responded to you on July 16, you could see by their answers that no work had been done on the recommendations that they had for 16 months—more than this. Would it be appropriate for you to comment on that?

Ms. Margriet Kiel: I don't think it would be appropriate for us to comment on that. I think that would really have to come from the internal audit team, as we were engaged by them to undertake this review. We would report to them. I think at that point in time, if they saw that that was necessary, then they would have to take those required steps.

M^{me} France G  linas: Did you expect them to work on your recommendations?

Ms. Margriet Kiel: Of course. That's why we make recommendations. That's why we do this important work—to bring to light certain areas that are perhaps of concern. And they should be of concern to the ministry, especially the main recommendations that we had made.

M^{me} France G  linas: Would you say that in other similar reviews that you've done, you have seen more of a pickup on your recommendations than what we've seen with this particular one?

Ms. Margriet Kiel: Most definitely. In most of the similar engagements that I've undertaken, I've certainly seen that recommendations, especially if they're significant to the operations, are implemented quite promptly.

M^{me} France G  linas: Thank you.

The Chair (Mr. Norm Miller): We'll move on to the government. Mr. McNeely.

Mr. Phil McNeely: Thank you Chair, and thank you, Ms. Kiel.

We know that Meyers Norris Penny was retained to conduct a review of Ornge. Prior to this retainer, had Meyers Norris Penny been retained by the government of Ontario or one of the ministries to conduct reviews or audits, or was this the first?

1520

Ms. Margriet Kiel: No, I believe we had done some smaller engagements on behalf of the Ontario government.

Mr. Phil McNeely: Is it safe to assume that MNP was also experienced in providing of audits and consultant services in the health care sector?

Ms. Margriet Kiel: Yes, we were.

Mr. Phil McNeely: So Meyers Norris Penny, or MNP, was experienced at performing this type of review and would be well positioned to produce a report on which the government could rely. Is that correct? Was that the reason?

Ms. Margriet Kiel: Absolutely.

Mr. Phil McNeely: What was your role specifically in this retainer by the Ministry of Health and Long-Term Care relating to the Ontario air ambulance and related services? What was your role?

Ms. Margriet Kiel: As per our response to the request for services, I was the knowledge leader. That meant I was the co-engagement leader for the engagement. John Caggianiello of our office, as he resides here in Toronto, was the day-to-day contact between the Ontario internal audit as well as with Ornge. When we commenced our fieldwork, I was the fieldwork partner, as you may say. I was there to conduct all the fieldwork and supervise any other staff that we have on that engagement.

Mr. Phil McNeely: You issued your final report on September 10, 2010.

Ms. Margriet Kiel: Correct.

Mr. Phil McNeely: Was that really a report up to about the same period in 2008? Was there any new information after 2008?

Ms. Margriet Kiel: No. Normal engagements of these types, when the objectives are very specific and the time period is very specific, even though other types of information may become available after that point in time, you would not incorporate that within such a report.

Mr. Phil McNeely: Did you review and sign off on the final report before it was provided to the ministry?

Ms. Margriet Kiel: Yes, I did.

Mr. Phil McNeely: You would agree that MNP was comfortable with the report and confident in its findings? Otherwise, the final report would not have been provided to the ministry. Is that correct?

Ms. Margriet Kiel: Absolutely. We were very thorough in our review.

Mr. Phil McNeely: The final report says that MNP was engaged to review specific areas relating to organizational effectiveness in connection with the delivery of air ambulance and related services provided by Ornge to the province of Ontario. It also states that MNP looked specifically at seven objectives, which you went over earlier: the assessment of financial management processes; assessment of the appropriateness of Ornge's procurement processes; assessment of the integrity of the financial and service data reports provided by Ornge to the ministry; an assessment of whether Ornge was in compliance with its performance agreement; an assessment of whether Ornge was using provincial funds eco-

nomically and efficiently; an assessment of the enterprise risk management framework; and an assessment of the governance and accountability framework and mechanisms in place within the ministry and Ornge.

Ms. Margriet Kiel: Correct.

Mr. Phil McNeely: This was an accurate overview of your responsibilities. That's what you said earlier.

Ms. Margriet Kiel: Correct.

Mr. Phil McNeely: MNP's final report was quite lengthy and detailed about the overall conclusions of the final report. I will quote from page 2 of the final report: "Overall, our review indicated that Ornge is using provincial grant funding economically, efficiently and for the purposes intended in providing air ambulance and related services for the province." Is this accurate?

Ms. Margriet Kiel: Whether that was our overall conclusion or whether that was a statement within the executive summary?

Mr. Phil McNeely: I'll just read it again. "Overall, our review indicated that Ornge is using provincial grant funding economically"—these are the words of the report—"efficiently and for the purposes intended in providing air ambulance and related services for the province."

Ms. Margriet Kiel: I think, as I outlined in my opening statement as well, that was certainly not the conclusion for the entire report. It was a conclusion that specifically addressed objective 5. If our readers interpreted it like that, it was certainly not the intent of the report to convey that message, because we had 26 very specific recommendations in regard to the other six objectives.

Mr. Phil McNeely: The 26 recommendations: We have them here, of course. This is a pretty definitive statement that you've made. This is, I would think, comforting to the owner, which happened to be the government of Ontario. Do you have any other comments on it? How can you be so definitive? The information is a year and a half late. You're signing it in 2010. Any comments?

Ms. Margriet Kiel: We're not making that comment up until September 10, 2010. I think it's really important to understand that our review period covered 2005 to 2008. The comment in our conclusion that funds were used economically and efficiently really only related to objective 5, which required us to look at the source and use of funds. We did appropriate types of audit objectives to look at how best to review the documentation. We obviously looked at all the sources, how they were received, also how they were used. Based on that, as at November 30, 2008, we could conclude that at that point in time, they were used economically and efficiently.

Mr. Phil McNeely: The difficulty you had with Ornge coming to meetings, to receiving the report—you said that they were the reason it took a year, a year and a half—

Ms. Margriet Kiel: Partly.

Mr. Phil McNeely: —to get that. This didn't concern you, that there seemed to be a reluctance to have this report arrive?

Ms. Margriet Kiel: I don't think it concerned us that it took so long. As I said, there were a couple of specific reasons for it. First of all, there was how the report was staged and issued and sent to the various stakeholders for their review and input. That certainly took more time than you would normally anticipate or than you would normally expect if you disseminate the report to all parties at the same time.

Certainly, it did take a lot of time for Ornge, once they had the report, to review it, to comment on it and to get back to us. There were a couple of specific reasons. One of them, as I alluded to earlier, was that legal counsel had fallen sick, quite seriously. Why it would have taken them a couple of more months to finally provide us with their comments, I can't comment on that. But it was certainly both MNP as well as Ontario internal audit that were constantly following up with Ornge and saying, "We would like to finalize this review. We would like to get an exit meeting. Can you please respond?"

Mr. Phil McNeely: The final report found a number of other positive conclusions, which I will briefly review for you. With respect to the procurement process—this is at page 35—the final report concluded that the procurement processes were appropriate, documented and in accordance with the performance agreement, best practices and in the spirit of government directives, ensuring openness, transparency, fairness, competitiveness and value for money.

Regarding compliance with the performance agreement, the final report noted that Ornge was not in compliance with some administrative sections. "However, none of these issues affects the delivery of services, and we have concluded that Ornge is using grant funding efficiently, effectively and in accordance with the provisions of the PA."

With the 26 recommendations, is that statement a fair statement to make?

Ms. Margriet Kiel: Yes, because that very statement and that last comment, as I mentioned earlier, was a specific conclusion with respect to objective 5 and objective 2, the procurement process, and objective 5 being the use and source of funds. They're obviously very connected because they both deal with how money is received and how money is spent.

With respect to objective 2, where we looked at the procurement process, we looked at the process. We looked at whether the procurement process, as implemented by Ornge, was in accordance with government procurement policies and procedures, whether they were in accordance with best practices. What that means is, you look at things like, is there a delegation of authority in place, and is that in accordance with the performance agreement? It looks at, for purchases less than \$100,000, do you have an adequate process in place to ensure that you get a fair price for services requested? So you would get three written quotes. For anything over \$100,000, there's a requirement to go for public tender. Did Ornge do all of those things? Yes, they did.

Mr. Phil McNeely: Lastly, in respect to risk management, the final report found that, "Overall, our review in-

licated that the risk management approach and capability within Ornge is effective.” Down the road, obviously, this was not something that we’re very pleased with.

Ms. Margaret Kiel: Well, we—

Mr. Phil McNeely: So the conclusions I have read out are quite positive, that you made. Would you agree?

The Chair (Mr. Norm Miller): Mr. McNeely, let her answer the question.

1530

Ms. Margaret Kiel: Our objective was to look at Ornge’s enterprise risk management process.

There was an external consultant engaged in 2006 to develop that enterprise risk management framework. At that point in time, an organization-wide risk assessment was done to see where the key risks within the organization were from the point of view of, “What are your objectives?” They were to provide air ambulance services. “What are your key risks?” Some of the key risks that were highlighted in that risk assessment process were that a communication centre disaster recovery plan was an issue, that their information technology platform was all old; that some of their planes were old; that the contractual agreements that they inherited once they took on the provision of air ambulance services needed to be reviewed.

At that point in time, the enterprise risk management framework was adequate, and the policies and procedures set up to support that were in line with best practice.

Mr. Phil McNeely: You’re saying that today. I think you’ve answered the question. I just asked you another one: Do you agree that, following receipt of this report and taking into account many of the conclusions drawn in the final report and particularly the finding that the provincial grant money was being used—the grant money it received—effectively, efficiently and for the purposes intended, the Minister of Health would have felt confident that Ornge was an effective organization and was using provincial funds appropriately? Wouldn’t you agree that this would be a nice report to receive with those statements you’ve made in your summary?

Ms. Margaret Kiel: No. Once again, I think that you’re pulling it out of context because, as I mentioned earlier, that specific conclusion relates to objective 5, where we looked at the source and use of funds. There were six other objectives that we looked at, and as a result we had 26 recommendations—some of them, I think, very serious. Once again, they were confirmed in the Auditor General’s report that was issued earlier this year.

Mr. Phil McNeely: Then might I suggest that the conclusions in your report did not match the recommendations that were made?

Ms. Margaret Kiel: No, I don’t agree. I think it’s taken out of context. It was certainly not our intent to say, in general, that the entire organization is running in accordance with best practice; that’s not what we said. We said we had 26 recommendations whereby there should be a specific focus on the corporate structure of the organization, the performance agreement, communication between the Ministry of Health and Ornge, the fact that

various reports were not provided on time, and that the variance analysis that was provided by Ornge was not sufficient for the ministry to provide their conclusions. So, I think our report did certainly not say that Ornge was operating—

Mr. Phil McNeely: I would suggest, with these 26 recommendations, that the recommendations showed that Ornge had pulled up their socks and got a lot of things straightened out. I think that having the conclusions you’ve made has devalued the important recommendations—you say they’re important.

We’ll get on to the Auditor General’s report. You’re aware the Auditor General of Ontario recently completed a review—it’s not recent now—and released a report regarding Ontario air ambulance and its related services? Are you aware of that?

Ms. Margaret Kiel: Yes.

Mr. Phil McNeely: Are you familiar with the report?

Ms. Margaret Kiel: Yes, I have read it.

Mr. Phil McNeely: Needless to say, the Auditor General found a number of issues at Ornge, ranging from secrecy to financial irregularities. He went so far as to say that he was stonewalled—you said it was difficult getting information—and noted, at page 2 of his report, that he was only able to access records relating to entities controlled by Ornge or of which Ornge was the beneficiary; he was denied access to records of any of the other entities. MNP’s final report certainly outlines about 26 recommendations but makes no similar allegations of secrecy or financial irregularities. Is it safe to assume that, had MNP been stonewalled or prevented by management from completing its review, MNP would have included these concerns in the final report?

Ms. Margaret Kiel: If we had encountered those issues, they would have been included within our report.

Mr. Phil McNeely: But you said you had difficulty getting information.

Ms. Margaret Kiel: We had delays in getting information. In the end, we were not denied access to any information that we had requested. As I said earlier in response to a question, if Dr. Mazza did not agree with a certain type of information that we had requested, we had to provide him with the reasons why we wanted to request that information. Our request for information would always specifically address these specific objectives. Therefore, even though, perhaps, there was some delay, he could not deny us access to that.

Mr. Phil McNeely: What was the general attitude of Ornge executives towards the review you were doing?

Ms. Margaret Kiel: The general attitude was that everything with respect to the review had to be approved by Dr. Mazza. Our main contact was Maria Renzella, the VP of finance. She was our day-to-day contact. Any requests that we had for information or additional interviews, we had to go through her, but she could not make the final decision on any of our requests. That had to come from Dr. Mazza.

Mr. Phil McNeely: My final question is: Do you stand by your final report?

Ms. Margaret Kiel: Yes, I do.

Mr. Phil McNeely: Thank you.

Mr. David Zimmer: Time?

The Chair (Mr. Norm Miller): You have four minutes left, if you want to do anything.

Mr. David Zimmer: In hindsight, looking back, would you agree that the government receiving your report—and the recommendations and the comments that my colleague Mr. McNeely just made in his questions to you—that it perhaps gave the government of the day, the minister of the day, the deputy minister of the day, perhaps a sense of well-being that was not in fact deserved—that is, the well-being of Ornge?

Ms. Margaret Kiel: No. At that point in time we had, I think, sufficient recommendations that they should seriously have a look at the various aspects of Ornge and whether that was in line with and in the spirit of the initial performance agreement that they did have.

Mr. David Zimmer: But in some of the comments that Mr. McNeely read out to you in the summary—if I was receiving the report, it paints a much rosier picture of things at Ornge that in fact were extant.

Ms. Margaret Kiel: I do not agree. I think the executive summary contains both that one statement that everybody seems to be focused on, but the executive summary also outlines all the areas that we found that the ministry should be concerned about and look into.

Mr. David Zimmer: But it seems to me, reading the report over, and as Mr. McNeely has pointed out, when push came to shove, and despite all of the difficulties that you had getting information, and the concerns that you raised in the report, at the end of the day you softened the report around the edges and it gave an unwarranted sense of confidence to the recipient of the report.

Ms. Margaret Kiel: I do not agree with that statement. I don't think we softened the report. If I look at the first version we had issued to the Ministry of Health and I compare that to the latest version, no findings or recommendations had been changed other than what I alluded to earlier, which was with respect to the risk assessment done for the transfer payment directive.

Mr. David Zimmer: Let me read the conclusion again, the final report. The "procurement process is appropriate, documented and is in accordance with the" performance agreement, "best practices and in the spirit of government directives, ensuring openness, transparency, fairness, competitiveness and value for money.

Further, "Ornge is using grant funding efficiently, effectively and in accordance with the provisions of the PA."

In fact, that wasn't the case, and if that doesn't give someone—the recipient of the report—a level of comfort and confidence, then what would?

Ms. Margaret Kiel: Once again, that just addressed one of our objectives. Yes, we looked at the source of funds. Yes, we looked at how they were used. We looked at the organization structure, at the various entities. At that point in time, none of the unusual transactions that the Auditor General is, for instance, referring to in his report—none of those had occurred in 2008.

Mr. David Zimmer: At any time—

The Chair (Mr. Norm Miller): Please, let her finish.

Mr. David Zimmer: Sorry.

Ms. Margaret Kiel: None of those had occurred in 2008. So, based on the work that we did in 2008—there were no transactions with any of the entities that were set up, other than Ornge. For the type of transactions that we did look at, they were in line with procurement processes and they were based on normal best practices, such as, any expense over \$100,000 was going for public tender.

Mr. David Zimmer: Okay. All right. Here's my last question.

Ms. Margaret Kiel: Sure.

Mr. David Zimmer: We've heard from Mr. Klees, and we've heard for days and days now at this hearing about—as Mr. Klees refers to it, and Ms. Gélinas—all of the red flags that popped up all over the years on this. You, from your resumé and your company, are highly experienced consultants. Did you or MNP ever recognize any red flags, or was that just everybody else?

Ms. Margaret Kiel: We identified red flags. They were outlined in our recommendations.

1540

Mr. David Zimmer: What was the most serious red flag?

Ms. Margaret Kiel: The fact that they should look at the corporate structure. They had to look at whether the entities that were set up outside of Ornge were in line with the performance agreement and whether the ministry was comfortable with that corporate structure. That was the most important finding, which we outlined in recommendation number 1.

Mr. David Zimmer: You go on to say, "None of these issues affects the delivery of services, and we've concluded Ornge is okay."

Ms. Margaret Kiel: Yes, because at that point in time, the entities were set up but there were no transactions in them as yet. At that—

Mr. David Zimmer: Did you ever pick up the phone and call somebody at the ministry and say, "Look, off the record, here are some red flags. You should have a really"—

Ms. Margaret Kiel: Our red flag was recommendation number 1, which we discussed with the Ministry of Health internal audit department in early November, and onwards from that.

The Chair (Mr. Norm Miller): Thank you very much.

Mr. David Zimmer: Thank you, Chair.

The Chair (Mr. Norm Miller): We'll move on to the opposition. Mr. Klees.

Mr. Frank Klees: I just want to thank Mr. Zimmer for asking that question, which gave Ms. Kiel an opportunity to talk about all the red flags that are in all the 26 recommendations that anybody who read beyond the headlines—which is the point I made earlier. If someone stops at the headlines, this a very sanitized report. But one would expect that people within the Ministry of Finance who commissioned the report and individuals in the Ministry of Health who have oversight responsibilities would have read beyond the headlines and looked

very carefully at those recommendations that raise significant concerns, and they failed to do that.

I don't want you to feel badly about this, because there are numerous reports—I tabled one yesterday with the minister, which her own Ministry of Health commissioned and was presented as a confidential advice to the minister. The minister hadn't seen it. Six senior bureaucrats who were copied on it obviously hadn't made any effort to advise the minister. Many of the same issues that you raised red flags about here were in that report as well.

I just want to say this: I believe that what you have helped us do is to at least help the government understand that there are three guilty parties in this situation. Clearly, the minister has recognized Mr. Mazza as having made bad decisions, and she fired him. She recognized that the board of directors did not meet their fiduciary responsibilities, and she fired them. There's one last piece of the puzzle, and that is that there were people within the Ministry of Health who failed in their oversight responsibilities, which the Auditor General also pointed out. You, with your report, were helping the people within the Ministry of Health to do their job. They failed to do their job. So we have to see just how much help the government is willing to take in terms of dealing with the third guilty party, which is the Ministry of Health.

The Auditor General, when he presented his audit report, made an interesting comment. He said, "What I saw here didn't pass the smell test." When you closed the books on your report, did it pass the smell test to you, in the sense that the Auditor General made that comment?

Ms. Margriet Kiel: At that point in time, as I said, our recommendations were such that we said, "You need to look at these things. I think there are certain things starting up, entities being set up, and the ministry needs to be comfortable that the intentions of those entities are in line with Ornge and that there is a specific tie to that in case, say, assets were going to be transferred to any of those other entities"—and the same with the communication between the ministry and Ornge.

We clearly outlined that the information provided by Ornge was in all instances perhaps not complete, like the fourth-quarter in-year reports, like the variance analysis that they provided. So therefore we said, "The ministry needs to ask more questions, they need to have more formalized meetings and they need to make sure that they get the explanations that they desire in order for them to provide adequate oversight." The last one was the performance agreement. Certain provisions were not complied with, so that was something that the ministry should address to review what they were.

Mr. Frank Klees: I would have thought that, specifically relating to the performance agreement—your notes on page 8, at the bottom, which I'll just read into the record:

"Ornge has changed its organizational structure to deliver air ambulance and related services, which structure was not contemplated in the" performance agreement. "In addition, there are administrative compliance-related issues, communication matters and typical gov-

ernment provisions for funding that should be addressed."

Anyone reading this report, whether it's in the Ministry of Finance or whether it's in the Ministry of Health, should have seen this as 10 red flags waving at them. For some reason, they chose to ignore it. I think that's one of the reasons that we're here today. So I thank you for your presentation.

Ms. Margriet Kiel: Thank you.

The Chair (Mr. Norm Miller): We'll move on to the NDP. Who would like to go? Ms. Gélinas.

M^{me} France Gélinas: Thank you again for coming. When Mr. Zimmer asked you what was the most significant red flag, you didn't hesitate. You said, "The corporate structure." You went on to say, "We discussed this with the Ministry of Health in early November and onward." I'm going to do a little memory test on you right now to see what you remember of those conversations. I'm looking for times, place, people, was anybody taking minutes, that kind of stuff. Where was it?

Ms. Margriet Kiel: Initially we would have discussions—talking about November, that would have been with the internal audit group, because they were the ones commissioning us, and they would be the ones that we had preliminary discussions with, with respect to our findings, our recommendations and any comments they may have had: "Did you look into this? Did you look at that?" We would have had that dialogue with them from that point onwards.

From the time that our draft report was issued, it was obviously issued first to the ministry, so we had discussions with the emergency health services branch, Mr. Malcolm Bates specifically. But from the ministry we also had discussions with the assistant deputy minister at that point in time.

M^{me} France Gélinas: Do you remember who the assistant deputy minister was?

Ms. Margriet Kiel: Ruth Hawkins.

M^{me} France Gélinas: It was Ruth?

Ms. Margriet Kiel: Correct.

M^{me} France Gélinas: All right. So you have your draft report, you have your recommendation number 1—you speak with your words, but you speak with your actions. You put it as recommendation number 1. When you say that you presented it to the minister or the ministry before you presented it to the emergency health services branch, who do you mean by the minister or the ministry?

Ms. Margriet Kiel: That would have been the assistant deputy minister.

M^{me} France Gélinas: To Ruth?

Ms. Margriet Kiel: Yes.

M^{me} France Gélinas: Do you remember specifically: Did you go see her in her office? Would you meet someone specific? Would anybody else be with her—note takers or anything like this?

Ms. Margriet Kiel: Yes, she would have had—I do not recall the name of that person. I could certainly find out for you, if that's of interest. But we met in her office

and we would have gone through our recommendations, one of them being the corporate structure.

M^{me} France Gélinas: Do you remember if there was any reaction on her part? When you raised that red flag, your recommendation number 1—which, to me, is significant—did she find it significant as well?

Ms. Margriet Kiel: I cannot comment on what she was thinking, but—

M^{me} France Gélinas: Did she ask questions?

Ms. Margriet Kiel: Sure, she asked questions. Another thing that occurred is that, to my knowledge, the Ministry of Finance legal department then started its own review into the corporate structure of Ornge and related entities.

M^{me} France Gélinas: Say that again. The Ministry of Finance legal department—aren't they the people who had hired you to start out with?

Ms. Margriet Kiel: No, that was the internal audit department. I'm talking about the legal services branch.

1550

M^{me} France Gélinas: Okay, of the Ministry of Finance, who would have started their own investigation of the—

Ms. Margriet Kiel: They were going to do an audit on the corporate structure of Ornge and its related entities.

M^{me} France Gélinas: Who told you that?

Ms. Margriet Kiel: I have some documentation and some email correspondence from the legal services branch where they're asking for specific documentation from us with respect to the various entities, like the objects, like the incorporation dates, discussions that we had with management as to the intention of those entities.

M^{me} France Gélinas: So it was the Ministry of Finance legal department, not the Ministry of Health legal services branch, that did an investigation of the corporate structure.

Ms. Margriet Kiel: I will just have to confirm that for you.

It was the legal services branch of the Ministry of Health and Long-Term Care and Ministry of Health Promotion. It's on the letterhead.

M^{me} France Gélinas: So it was the legal services branch of the Ministry of Health.

Ms. Margriet Kiel: Correct.

M^{me} France Gélinas: Because of the exchange, you know that after you flagged it for them as your number one recommendation, they went in and they looked at the corporate structure. Do you have any idea if it was in depth, if it lasted longer than the delays that you had, if it was maybe some of the reason for the delays?

Ms. Margriet Kiel: I can't comment on that. I have not seen the outcome of that audit, so I'm not sure when a final report would have been issued and what time frame that included. I'm not sure.

Mr. Jagmeet Singh: Was there anyone specific who said that they were going to follow up with that—a specific lawyer or a specific individual from the legal services branch?

Ms. Margriet Kiel: Yes, it was Bill Georgas, counsel for the Ministry of Health and Long-Term Care.

M^{me} France Gélinas: So there were some reactions, then.

Ms. Margriet Kiel: Yes.

M^{me} France Gélinas: Okay. So you presented your number one recommendation. There's an exchange; there are questions. Then you see that it's actually actioned off to the legal services branch. And then it goes into a black hole that nobody knows where it ended. But it started, anyway; we know that much.

Then, when you presented the—

The Chair (Mr. Norm Miller): You're just about out of time, by the way.

M^{me} France Gélinas: No kidding.

I thank you for coming. Thank you for sharing with us what you know.

Ms. Margriet Kiel: No problem. My pleasure.

The Chair (Mr. Norm Miller): We'll move to the government. Mr. McNeely.

Mr. Phil McNeely: I'd just like to ask the Auditor General for his comments on this Review of Air Ambulance and Related Services, Meyers Norris Penny, September 10. That was something you obviously read before you went in to do your audit. Could you comment on that?

Mr. Jim McCarter: I see the two points of view as to the overall conclusion. I have to say, when we read it there were some areas of the report where we reduced some of our work. For instance, we didn't do a lot of work in the procurement area because of the work done by Meyers Norris Penny. Again, it was pretty hard to miss the first recommendation about the inter-corporate structure.

I could understand your reading of the report—the front of the executive summary, where it does say that, overall, things were pretty good. But when you look at some of the language in the detail of the report—one of the issues was communication, and some of the language used is “frustration,” “confusion” and “conflict.” Again, when you get into the detail, that's pretty strong wording and I would certainly interpret that.

So there were some red flags in the report, and based on their work, we did reduce some of our work.

The other thing that I would say—Mr. Klees's question about, did it pass the smell test? Again, being the auditor, we can look at whatever we want, whenever we want, so we could look at compensation and some of these issues, and that did impact my overall comment about that; whereas Meyers Norris had six specific objectives, so they weren't really getting into the depth of what we could get into.

I guess that would be my overall perspective, Mr. McNeely.

Mr. Phil McNeely: Thank you. How much time do we have left?

The Chair (Mr. Norm Miller): You have about five minutes.

Mr. Phil McNeely: David Zimmer will handle that.

Mr. David Zimmer: Just following up on that, Mr. Auditor General, you said, to use your language, you read the MNP report and it had a rosy opening statement, if you will.

Mr. Jim McCarter: At the end of the introduction—overall, it talked about that they spent the funds with due regard for economy and efficiency. Now, again, as Ms. Kiel said, that was meant as one of the conclusions of the overall objective, but again, when you get into the detail, there were a number of recommendations. Some of the language, to me, was—when you're using words like "frustration," "confusion" and "conflict," we get into that sense that—the client always likes you to tone down that sort of language, but I suspect that maybe there was a bit arm-twisting to tone down that sort of language. Again, that part of it certainly wasn't sanitized.

Mr. David Zimmer: You're an auditor also. You've read lots of these reports. Do you think it would have been the better practice to take some of that detail which really raised the red flags further down in the report and stick it right up at the front of the report so it sort of jumped off the page, given we're dealing with public monies?

Mr. Jim McCarter: It's hard for me to say that without having the perspective of going through the whole report and doing all the detail and getting the depth of it. It's really up to the people doing the work to make the decision as to what they decide to put up front or what they decide to emphasize.

Mr. David Zimmer: Mr. Auditor, what thought was in your mind when you speculated, just a minute or so ago to the MNP representative, that perhaps there was, to use your expression, arm-twisting that went on by Ornge to massage the report a little bit?

Mr. Jim McCarter: I was very interested in the answer to that question because, to be honest, the level of arm-twisting—this is sort of inside baseball because it stays sort of within the government. All of our reports, it's outside baseball; everything in our reports can hit the front page of the paper. So, I was a bit curious to see what level of encouragement there was to sanitize the report. What I gather is basically that whether there was or not, the draft report stayed largely the same with respect to a number of the recommendations. So, whether there was some arm-twisting or encouragement or whatever, I gather there wasn't a lot of change from the initial draft version to the outside version. But I'm always interested because, as you can imagine, we go through that process in our audits as well.

Mr. David Zimmer: Perhaps, in fairness, to give you a chance to comment on the arm-twisting observation.

Ms. Margriet Kiel: Sure. Obviously there's always dialogue that you have with the people whom you give your report to and who were the subject of a specific review. I must comment that at any time when we had meetings with any of the stakeholders involved, we had Dave Schell, the internal auditor that we reported to on behalf of the ministry, with us at any meeting. So, any type of wordsmithing or a little word here and there that would have been taken out—he would have had to ap-

prove all of that prior to us making any changes to the report because he was the person who issued that request for services and he was the one who engaged us.

Mr. David Zimmer: With the benefit of hindsight, if you had to write the report again knowing what has gone on since, would you have written a stronger report?

Ms. Margriet Kiel: I think our report would stay as it is. In hindsight, it's obviously always easy, perhaps, to make particular statements. Seeing that a lot of people have really taken the three sentences—I think it's three—in the executive summary and have taken that as being the overall conclusion and then have not read any further—would I have either changed that statement or would I have taken it elsewhere or would I have had other recommendations put forward? I may have considered that. But as I said, it was three sentences in the entire executive summary as well as 26 recommendations. So in my mind, I think it clearly outlined the specific objectives that we were asked to address, the findings that we had for each of those findings and 26, I think, very valid recommendations.

Mr. David Zimmer: Any thought that you might have gotten caught up in the Mazza charisma?

Ms. Margriet Kiel: No, because by the time the draft report was issued we were not dealing with Dr. Mazza again.

Mr. David Zimmer: Thank you.

The Chair (Mr. Norm Miller): Thank you, and thank you very much for coming before the committee today. It's very much appreciated.

Ms. Margriet Kiel: It was my pleasure. Thank you.

The Chair (Mr. Norm Miller): We are recessed until 4:30.

The committee recessed from 1600 to 1630.

MR. RAINER BELTZNER

The Chair (Mr. Norm Miller): I'd like to call this committee back to order and welcome Mr. Rainer Beltzner back to the committee. He has been here once before, so—

Interjection.

The Chair (Mr. Norm Miller): Just to remind you that you're still under oath from your previous time.

Mr. Rainer Beltzner: Yes.

The Chair (Mr. Norm Miller): Welcome back. Did you wish to make any statement to begin with?

Mr. Rainer Beltzner: No, I made my statement the last time I came. I'd prefer to have the committee use my time to ask additional questions. I'm here to help as best I can.

The Chair (Mr. Norm Miller): Very well. It's the NDP's time to go first.

Mr. Frank Klees: Could we just ask him who is attending with him?

Mr. Lincoln Caylor: Lincoln Caylor, from Bennett Jones, counsel to the former board members.

Mr. David Zimmer: Sorry, I missed that.

Mr. Lincoln Caylor: Lincoln Caylor, from Bennett Jones.

The Chair (Mr. Norm Miller): Okay. And you said counsel to—

Mr. Lincoln Caylor: Mr. Beltzner and the rest of the former board members.

The Chair (Mr. Norm Miller): Very well. It's time for the NDP to go first. Ms. Gélinas.

M^{me} France Gélinas: I just wanted to check: Are we going to go in 20-minute rotations?

The Chair (Mr. Norm Miller): Yes, roughly 20-minute rotations. If you find you're in the middle of a discussion, if you want to adjust it either shorter or slightly longer, that's fine. I will do my best to adjust it so that everyone gets the same time.

M^{me} France Gélinas: Welcome to Queen's Park once again.

Mr. Rainer Beltzner: Thank you.

M^{me} France Gélinas: The last time we talked, you went into some details as to how you had come to Queen's Park in 2011 to brief a number of people on the corporate structure and the strategic direction that Ornge was going in.

Tonight, we're going to do a little memory-testing exercise. I'd like you to go back from that period—including it, if you want—and tell me: Were there other occasions where you as a board, or you as a chair, or you as a representative of Ornge, took the initiative to inform the minister or the Ministry of Health or other ministries of this government of the work of Ornge?

Mr. Rainer Beltzner: There are no other specific situations where that occurred. There were certainly some meetings that I initiated—for example, meeting with the ADM at the time, Patricia Li, with respect to, first of all, the progress on the Provincial Auditor's draft report; and secondly, proactively from my side, meeting with Patricia Li again—and this would have been in the fall of 2011, I believe—to talk about the funding increase percentage that the government had allocated to Ornge for that year, and some of the challenges with respect to Ornge having to deal with increasing fuel costs and HST. I just wanted to make sure that Patricia was fully aware of all of the financial challenges that the organization was facing as a result of the labour agreements, the fuel changes, as well as the taxation changes, none of which had been included as a provision for adjustment under the performance agreement, so it was something that Ornge would have to absorb.

Our expectation at the time—the reason I went—was that we would receive about 3.5% annually, and that's what our budget was based on. I believe that year, if my memory serves me correctly, we received 2%. Of course, as we were well into the year, as with most organizations—you budget on 3.5%; you get 2%—then it's a matter of, "We've got to do something to adjust."

I just wanted to make sure in my own mind that Patricia was well aware of those additional financial challenges.

M^{me} France Gélinas: When would that have taken place?

Mr. Rainer Beltzner: I think that was in early fall 2011.

M^{me} France Gélinas: Early fall of 2011. So it will be a year, soon, that you had asked to talk to her. Did both communications take place at the same time, as in wanting some updates as to the auditor's—

Mr. Rainer Beltzner: No, there were separate meetings a couple of weeks apart. I could probably dig up the exact dates, but my memory says—it was clearly after we got a copy of Jim McCarter's draft report, I think in September, if I recall correctly.

Mr. Jim McCarter: It was in mid-September, I think, Mr. Beltzner.

Mr. Rainer Beltzner: Yes, mid-September, about there. I had a meeting with Patricia on that basis.

The other meeting—I'm just reflecting back. My memory will, you know—

M^{me} France Gélinas: It works that way.

Mr. Rainer Beltzner: I'm not sure if it was the same meeting or a prior meeting—I can verify that for you, if you wish—but I had another meeting with Patricia Li where we were talking about the Provincial Auditor's audit. I had expressed some concern about how the audit was validating data, in particular a meeting that we had with the audit team where they came and said, "We want to sit down with you"—the representatives from Ornge—"and we want to validate that we have the facts correct." The process of that validation was that the members of the audit team would rapidly read out data, which, from my experience as an auditor—and I've done lots of audits—if you want to cause confusion and get people confused very quickly, that's one way to do it. So I asked the audit team to slow down, to present the data in bits so that if they wanted confirmation, we could obviously absorb it and say, "Yes, that's right," or, "No, that's wrong" and so on.

Whether it was by phone or a meeting, I can't remember. I had a chat with Patricia Li basically to say, "Is this normal, based on your experience and having dealt with provincial audit teams?"

Anyway, we got that resolved, Jim. Not to belabour the point, but we got it resolved fine. It was just the process that was a little awkward.

M^{me} France Gélinas: All right. Remind me of when you started on the board at Ornge.

Mr. Rainer Beltzner: I started on an advisory board before the company was created. To the best of my recollection, it would be late 2005, somewhere in there.

M^{me} France Gélinas: So from 2005 on, had you or the board ever initiated other communications with anyone in the government?

Mr. Rainer Beltzner: Not that I'm aware of, no.

M^{me} France Gélinas: So really, the first time was when you were presenting your new corporate structure. You came with Mr. Apps and you came with Mr. Lepine and you presented it.

Mr. Rainer Beltzner: That is correct. Just to clarify, the reason for that was that we had created an independent committee of the Ornge board to review the proposed transaction to create Ornge Global and the relationship and the various licensing agreements and so on. When we in the independent committee reported back to

the board to say, “Okay, we’re comfortable with the way that the money would flow from the profit side to the Ornge side. We’re comfortable with those arrangements,” and so on, then it was put to the board to say, “Should we proceed? Have all the i’s been dotted and the t’s crossed?”

There were two items that we felt needed particular attention, more from a good due diligence standpoint. One item was related to the credit rating that Ornge had, because obviously Ornge had a bond. The rate was dependent on the credit rating. We wanted to make certain, first of all, that Ornge’s credit rating would not be impacted and, secondly, that because of any imputed relationship between Ornge and the government, that the government’s credit rating would not be impacted. So there was a condition, if you like, put on the board approval to move ahead that said there has to be some confirmation of that credit rating issue, which was done.

1640

The second condition was a condition that said we have to be comfortable that the government is aware of this. This is one of these situations we talk about on the board and, from my own point of view, I said, “I’m not going to be comfortable until I sit in front of the people and tell the story and see the colour of their eyes, so to speak. If I hear any objection, if I get any objection”—I wanted to make sure that there was a clear communication of things to the government and an opportunity for me to hear any rebuttal or concern or questions. None of that, by the way, came about. There were some interesting questions for clarification, but there was no indication in any of the three formal presentations of any negative reaction whatsoever.

From my perspective, it appeared from the lack of questions and the lack of response that people around the table were not surprised. After all, I had sent the letter, back on January 11, 13, I can’t recall—one of those dates. So all of this was set out in the letter that had been widely distributed some time before. The meetings with the other government ministries occurred in February, March, thereabouts. So there would have been plenty of time, in my view, to have some form of negative reaction from government, and there wasn’t any. On that basis, we, as a board, said, “The government has been informed. We haven’t heard anything. Therefore, it must be fine.”

Obviously, we offered clarification on questions as they came up about why this structure and why this and so on. But other than that, there was nothing that came forward that suggested we should not proceed with full steam.

Hopefully that answers that.

M^{me} France Gélinas: Yes, it does. Those are initiatives that you had taken to reach out to government to basically share the direction that Ornge was going.

Mr. Rainer Beltzner: Correct.

M^{me} France Gélinas: Can you remember the opposite way around, where the government reached out to you to get information from you? And when I say “government,” take it broadly.

Mr. Rainer Beltzner: Most certainly. Let me go back. I think the first time that I received a call or a communication from government was from Ruth Hawkins. That would have been in 2008. It might have been a couple of calls. I’m trying to remember the sequence. Again, I can look it up and provide you with specifics. Certainly, there was one call related to a consolidation question, and there was one call related to a letter that Ruth had received internally, within the ministry, from an individual outside who had raised a number of concerns about Ornge. Ruth called me. We had set up a meeting—myself, Luis Navas, Ruth Hawkins and—I hope I’m right; I think I am—Ken Flynn from the ministry’s internal audit. We met at Julia’s restaurant in Oakville around about December 6 or December 8, 2008. She shared with me the content of this letter, which was accusatory of Ornge having—if I remember correctly; I don’t have a copy of the letter—two sets of books, doing a bunch of things, including having exorbitant bonuses, or something of that nature.

I believe Ken Flynn looked at the issue of the two sets of books. We certainly looked at it internally. That was nonsense, simply put. I did communicate back to Ruth Hawkins, I believe in a formal letter—which would be on file with Ruth, no doubt—which detailed the process of compensation and the bonus process. I basically conclude that from the board’s point of view, there wasn’t anything inappropriate going on at the time.

Around about that time, we were also dealing with—I don’t know whether it was a result of that or before that, but in any event, then came the ministry’s internal audit and the process there, and MNP and that process.

That was a communication from the ministry to me. Other than that, I’m trying to recall—I know that there might have been a call from Patricia Li at some point about something or other, but that would have been in 2011, possibly as a question as to the status of our response to the AG’s draft or something. Perhaps Patricia would have a better memory of that, but very, very few communications back and forth.

M^{me} France Gélinas: Except for kind of a busy period in 2008, where you got a call from Ruth Hawkins regarding the consolidation at the time, then you got another call, followed by a meeting regarding a letter with concerns, specifically the two sets of books and the bonus, which you responded to in writing, and communications from Ms. Li late in 2011, after the AG’s draft report, those are the only times you can remember that the government—

Mr. Rainer Beltzner: No. I just remembered some additional ones.

M^{me} France Gélinas: Sure.

Mr. Rainer Beltzner: I did receive, either addressed to me directly or copied to me, letters from—again, I have to go back and try and find these—the assistant deputy minister, the deputy minister or the minister informing me of changes to the budget allocation. “You’ve done a wonderful job; you get 3.5%,” or whatever the case may be. There were a series—

M^{me} France Gélinas: Would you call this the standard letter you got every year with you—

Mr. Rainer Beltzner: Yes. There were a number of letters which we also received, and they might have been addressed to me or copied to me, dealing with the changes in the procurement policies from government as a result of the various things that have occurred, including consultant muffins and things of that nature.

M^{me} France Gélinas: Yes, Choco Bites, they were.

Mr. Rainer Beltzner: In each case, I believe the letters always said, basically, “We know you’re not required to follow these rules but we would like you to follow these rules.” In our response—we always give a formal response—we said, “Of course we’ll follow these rules. No question.” So that’s where those other communications came.

Just bear with me. I don’t think there were any more, but if something jumps to mind, I’ll certainly jump in and tell you.

M^{me} France Gélinas: You’re quite allowed. The memory test will keep on going for a while—

Mr. Rainer Beltzner: Sure.

M^{me} France Gélinas: —and sometimes they get tougher.

There’s one issue that I would like you to try to remember if you ever got—there was a report that was done by Meyers Norris Penny, do you remember, in—

Mr. Rainer Beltzner: Yes, absolutely.

M^{me} France Gélinas: Okay. The first recommendation had to do with the corporate structure of Ornge. Basically, the ministry said that their legal services branch would follow up. Basically, the report from Meyers Norris Penny said, “Minister, you should look into this”—

Mr. Rainer Beltzner: Right; I recall that.

1650

M^{me} France Gélinas: —and the minister says, “Yes, we will,” or, “The legal services branch of the Ministry of Health will do an investigation of that.” Did the legal services branch ever come to you?

Mr. Rainer Beltzner: They certainly didn’t come to me or any member of my board, as I recall.

M^{me} France Gélinas: Didn’t write, email, tweet?

Mr. Rainer Beltzner: I don’t recall any communication, any writing. I don’t recall any emails. I don’t recall any phone calls. In fact, I don’t recall any discussions about a changing corporate structure resulting from that—just nothing came forward that I recall.

The Chair (Mr. Norm Miller): Your last minute and a half.

M^{me} France Gélinas: This is my last minute and a half. The first thing I wanted to establish was really communication. The two and a half hours that we’ll spend together: If other things come to mind, please let me know. You were really clear as to the times that you’ve reached out, and you seem pretty certain of them. If there are other times where the ministry asked you, except for the standard letter you get once a year as chair of the board—“Here’s your allocation for the next year. Please sign and send it back”; we expect you to get those—things that

had more to do with inquiring what was going on at Ornge. Basically, any other effort from the ministry or the government to reach out to Ornge that comes back to you, please share it.

Mr. Rainer Beltzner: Let me be clear: There’s nothing that I recall at the present time of any ministry communication with me or members of the board other than what I’ve mentioned.

M^{me} France Gélinas: Thank you.

The Chair (Mr. Norm Miller): We’ll move on to the government. Ms. Sandals.

Mrs. Liz Sandals: Good afternoon. Thank you for coming back, Mr. Beltzner.

When Dr. Mazza appeared before this committee, he said he regretted that his \$1.4-million compensation had become “a lightning rod for controversy”—his words. However, he really refused to acknowledge that this compensation package was in any way excessive, and he repeatedly told the committee that he was not involved in setting his compensation and that his compensation was “always the purview of my board of directors. I had no input into my compensation ... my opinion was never requested about my compensation.”

He seemed to be having trouble remembering what his compensation actually was. Presuming that the sunshine list as published in 2007 accurately reflects his 2006 compensation, it was \$284,206. Another witness has said that in 2009, it was approximately \$550,000, and of course what we know is that by 2011, we’re talking about \$1.4 million. That means that between 2006 and 2011, the figures we think we know for sure, his compensation increased by \$1.1 million, which seems like a rather large increase in compensation.

Do you believe his compensation in hindsight was excessive, perhaps even outrageous?

Mr. Rainer Beltzner: In answering that question, I’d like to go back to Dr. Mazza’s assertion about his involvement with compensation, if I may.

Mrs. Liz Sandals: I would be delighted if you do that, because that was two or three down the way in my questioning—

Mr. Rainer Beltzner: Yes, thank you. I’m trying to presuppose what your questions—

Mrs. Liz Sandals: I have chaired boards and board compensation committees and I have never just walked up the CEO and said, “Gee, we’d like to give you \$1 million more.” So I thought this was odd.

Mr. Rainer Beltzner: Ms. Sandals, I can only say to you that, based on my experience in having dealt with probably well over 100 CEOs in my professional career, I don’t know of any CEO who is totally absent from discussion on compensation.

Mrs. Liz Sandals: That was my reaction. Would you please explain the process from your point of view?

Mr. Rainer Beltzner: I’ve made some notes for myself just to try and put this in good order.

First of all, members of the committee, the compensation process, as you can well understand, was adopted by the board after discussions and advice from compensa-

tion consultants. So we don't do this in the black; we get good advice.

We adopted a pay-for-performance model, which guarantees a base salary and has at risk the bonus or the amount up to a potential total compensation. The way that we structured the pay-for-performance model was that the base salary would typically be 50% or less than 50% of the total attainable compensation. So the total potential compensation is then made up of the base salary, the benefits plus any bonus.

The benefit amount, by the way, for executives, is there to cover health plans, pension contributions and so on, that are typically covered for lower-end employees under HOOPP or whatever other arrangements there are.

So the performance bonus component is determined as follows: The CEO presents, on an annual basis, the short- and long-term business plan to the board. One of the responsibilities of the board is to do strategic planning and to reaffirm the business plan. The business plan comes initially from a presentation from the CEO and is then discussed by the board, and amendments are made as necessary. So the board debates the proposed plan and, after any necessary agreed amendments, approves the plan. That sets the framework for going ahead.

The CEO then prepares, under the pay-for-performance model, a draft of his balanced scorecard. The balanced scorecard, for those that are not familiar with a balanced scorecard, basically sets out a set of key objectives that are directly tied to the approved business plan and the deliverable and related specific metrics to be achieved within the next business year. So you've got an overriding objective, you've got a bunch of deliverables, and then you've got a bunch of metrics to be achieved in the next year.

Usually there are no more than three to five business deliverables, each having a particular weighting adding up to 100%. The metrics are categorized under three achievement targets: "threshold," "target" and "exceeds." In plain English, it means, basically, you're doing okay; you're doing a little bit better than okay; or you're doing really well, you've exceeded your targets. Each of these is tied to a bonus percent. That bonus percent is on the base salary.

So, clearly, the CEO develops the balanced scorecard, initially by himself, based on the approved business plan, and then presents it to the board. But to clarify, the percent of base salary that becomes the bonus for each achievement level is something that comes from advice from compensation consultants. They tell us that if you achieve threshold, it's typically a 15% bonus; if you achieve target, it's 30%, or whatever the case may be. So the weighting of deliverables—in other words, out of three to five to seven deliverables, what has more weight in total—is something that is discussed among the board and agreed with the CEO. That drives the CEO's direction.

Then that draft balanced scorecard is presented to the board by the CEO. The board then discusses it in depth, challenges the CEO, and makes changes as necessary—and we've made changes—and that gets final approval.

The CEO then uses the scorecard objective and deliverables to develop the balanced scorecard for each of his senior management team so that there's accountability going down for the same objectives, all the way down to the lower levels of the organization.

Mrs. Liz Sandals: But the balanced scorecard for the CEO is approved by the board?

Mr. Rainer Beltzner: Absolutely. And the balanced scorecard for the senior management team that reports to the CEO is approved by the CEO, and it's his objective to make sure it matches, because it ties into his. His reports do the right job, and then his own job does well.

During the course of the year, the CEO then comes back and presents an interim report to the board on the progress toward achieving the deliverables.

Shortly after the end of the business year, the CEO prepares a formal presentation to the board concerning his achievements against the agreed balanced scorecard. The CEO self-evaluates his performance and presents his achievement level to the board, as well as his recommendation for the bonus.

1700

Mrs. Liz Sandals: So for 2011, what was Dr. Mazza's base salary?

Mr. Rainer Beltzner: I honestly can't recall. It might have been somewhere around \$500,000.

Mrs. Liz Sandals: And would the compensation committee then have—if I'm understanding you properly, you've got the percentage that would be achievable if you exceeded the target.

Mr. Rainer Beltzner: Correct.

Mrs. Liz Sandals: Did you set any maximums?

Mr. Rainer Beltzner: Yes.

Mrs. Liz Sandals: So you would have been able to do the calculation, as a compensation committee, that says, "Given these weightings, let's assume that he exceeds the target on every threshold and that he reaches the maximum per cent of exceeding, and this is the per cent." You would have been able, as a committee, to do the math and figure out what was the maximum possible salary.

Mr. Rainer Beltzner: Absolutely. Absolutely.

Mrs. Liz Sandals: So is \$1.4 million an appropriate maximum possible salary?

Mr. Rainer Beltzner: Well, as I indicated in my opening comment the last time I came to the committee, there was a bit of a discrepancy between what we recalled his compensation maximum to be and what the numbers added up to when the compensation numbers came forward at the end of 2011.

That discrepancy had to do with this additional contract that Dr. Mazza had with regard to I think what he referred to as a stipend, which was a contract between Dr. Mazza's professional corporation and Ornge.

Mrs. Liz Sandals: So in addition to the compensation which the board approved, he also had a contract as a private company.

Mr. Rainer Beltzner: Correct.

Mrs. Liz Sandals: So are you telling me that when he was on the sunshine list—his 2006 sunshine list number

of \$284,000, in fact, failed to reflect his total compensation?

Mr. Rainer Beltzner: Well, I was going to get to that. My comment would be that I don't believe the amounts that Dr. Mazza had been receiving as a stipend, either before he joined Ornge—in other words, while he was working for Sunnybrook and Women's—or after he joined Ornge, were reported under the sunshine list. I'm not sure of this. I'm speculating at this point.

Mrs. Liz Sandals: So, in fact, there's actually—

Mr. Rainer Beltzner: In other words, his—

Mrs. Liz Sandals: The \$1.4 million might be an accurate total.

Mr. Rainer Beltzner: Correct. It's obviously an accurate total.

Mrs. Liz Sandals: But the sunshine list information is probably what's inaccurate. He was actually making more money all along, is I think what you just told us.

Mr. Rainer Beltzner: Yes, and perhaps if I could just elaborate on that point, if I might: In 2008, at the request of Dr. Mazza, the chair of the compensation committee at the time came to me and asked me to co-sign a services contract between Dr. Mazza's professional corporation and Ornge. I was informed that this contract was, in fact, a carry-over from his prior employment with Sunnybrook—

Mrs. Liz Sandals: So, given that he's—why? Why?

Mr. Rainer Beltzner: —and that his professional services as a medical director, which is what the contract said, were, in fact, required.

I recall reading the contract and that it did, in fact, set out a series of professional services and deliverables, as a medical director, which is above and beyond his job as a CEO and so on.

I was subsequently informed that a prior contract existed, signed and authorized by Jacob Blum, and this would have been—I believe it was 2006. I didn't know that at the time, by the way. I was informed by the chair of my compensation committee at the time that, yes, this was a rolling contract. It existed for upwards of eight years, and the services were required; this was normal. I read through the contract, and there were clear deliverables, responsibilities and so on. I saw nothing wrong with it, quite frankly, and, as well, signed it.

What became apparent in 2011, though—what became apparent to me in 2011—was that Dr. Mazza was not, in fact, providing any of the services, nor were they required. This was apparently, according to information provided me by Mr. Lepine in late 2011 as all of this started to unravel—this was well known to the former chair of the medical advisory committee, Dr. Bruce Sawadsky, who, as chair of the medical advisory committee, reported directly to the board and never reported anything of that nature, including that Dr. Mazza was challenged by Dr. Sawadsky and, I think, Mr. Lepine about this at various points and Dr. Mazza basically rebuffed them and told them to go away.

When I heard this, I did follow up with Maria Renzella to ask the simple question of, "Where is the support for the payments?" If we're paying for services, surely to

God there is an invoice, or something that says the services are required, such as an invoice from a professional corporation detailing hours, deliverables and so on, all of which one would expect, at a minimum, to support such payments. I was informed that no such invoices were ever provided, yet payments were demanded by Dr. Mazza and made.

I subsequently asked about any other situations where payments under contracts were made without supporting invoices. Two additional situations were brought to my attention at that time, the first by Mr. Lepine, who told me that there were payments made to a Dr. Tom Stewart for which services were apparently not required. I don't know whether this is true or not—

Mrs. Liz Sandals: Who's Dr. Stewart? That's a totally new name in this.

Mr. Rainer Beltzner: Dr. Tom Stewart, I believe, is a senior physician administrator at Mount Sinai. You would have to check.

Both of these—so Dr. Stewart's situation—when somebody tells me that we're paying something for which services are not getting provided, as well as Dr. Mazza's stipend situation—I then put together an email to Ken Flynn, of the ministry's internal audit, which detailed what had been identified and occurred. I asked Ken to follow up. I said, "This is strange, unusual."

Mrs. Liz Sandals: "Strange" would be an understatement.

Mr. Rainer Beltzner: Exactly. And basically, "I want you to follow up." That was it.

Mrs. Liz Sandals: I wonder, Chair, if we could take a few minutes at the end of the meeting, because I don't want to take the time away from questioning the witness, to craft a sensible motion to see if we can get this information from Ornge.

I understand you no longer have access to the records.

Mr. Rainer Beltzner: Correct.

Mrs. Liz Sandals: But I think the committee does need to get the information about every payment to Dr. Mazza.

When you look back at this in hindsight and look at all the various different payments—the alarm bells that are going off in my head, quite apart from the outflow of money that not even you, as chair of the board, knew about—my God, Jacob Blum is signing off on contracts?

Mr. Rainer Beltzner: That came as a big surprise.

Mrs. Liz Sandals: Where did that come from? What does that say about the governance model that all these contracts are floating around and the board, the board chair, the chair of the compensation committee—nobody seems to have the whole picture?

Mr. Rainer Beltzner: I think you could appreciate that the board is somewhat at the mercy of the management team to come forward and disclose, report, things that they feel are inappropriate. The board is not in a position to get fingers into the day-to-day operation. That's not the role of the board. The board has a right to rely on appropriate reporting from management. This is something which certainly over the course—Jim, I see you're nodding—of the years, one of the things that the

board has done, and I just wish to reiterate—perhaps I'm a little exercised over this issue, but I have a right to be—as a board chair and as an experienced professional, I am relying on the trust from senior management to come forward and report things that they feel the board should be aware of.

1710

We have written reports of the board and committees from all of senior management on a quarterly basis that cover operations, HR, finances. In none of those had any of the more significant issues that have come up before this committee come forward to the board.

The Chair (Mr. Norm Miller): You have a minute left.

Mrs. Liz Sandals: Just quickly, let me go to the disclosure issue, because on the salary disclosure issue, Dr. Mazza again was quite clear that this was a decision that was made by the board in terms of not disclosing the salary once he was moved over to the for-profits. But we also heard from Lynne Golding, who said, "Yes, we said that was technically possible. We also advised the board that they had a moral, ethical obligation to report to the ministry." Why did the board end up, it would appear, supporting Dr. Mazza's viewpoint that the salary not be disclosed, as opposed to the legal advice, which was, "Yes, technically possible, but you really should tell the Ministry of Health what's going on?"

Mr. Rainer Beltzner: Thank you for that question. First of all, I was surprised to hear Lynne Golding's testimony. I was listening to it and I was surprised to hear that comment about the advice being that, "Nevertheless, you should," because I don't recall that advice ever coming forward to the board. She may have provided that advice to management. I did consult with a couple of my board members on that issue. I said, "Do you recall this?" "No, not at all." The question of salary disclosure was more around the question of, "Are we on board legally with everything we should be doing?" That's the concern of the board. The legal opinion was, "We don't have to disclose salary." That's what was presented by Dr. Mazza, and—

Mrs. Liz Sandals: If we were to check the legal advice, the documents received by the board, we would just get an opinion that says, "You do not have to disclose."

Mr. Rainer Beltzner: I believe that all that came to the board at the time in whatever form it came was the indication that legally we don't have to disclose, because our concern was to stay, in all circumstances, compliant with the performance agreement, compliant with all laws and legislation, and that was it.

Mrs. Liz Sandals: Whose idea was it that Dr. Mazza and the others should have their employment status changed to one of the for-profit entities as opposed to Ornge, the non-profit?

Mr. Rainer Beltzner: You were asking me that question the last time I was here and I was trying to evade the question. It wasn't the board's idea. I just want to make that clear. We were embarking on an approved business plan. I just want to make that absolutely clear. We had long discussed this business plan about creating a struc-

ture that would allow for the generation of for-profit revenues to go back actually to Ornge and so on. This was the evolution of that structure.

As part of that evolution, what was presented to the board was that all personnel, other than those directly required under the Ambulance Act, would move from Ornge to Ornge Peel.

Mrs. Liz Sandals: I'm cognizant that we're running out of time.

Mr. Rainer Beltzner: The board approved it.

Mrs. Liz Sandals: The board made a decision that the employees would move based on their direct service to air ambulance.

Mr. Rainer Beltzner: Based on recommendations from management; yes, absolutely, and consistent with legal opinion as to what was permitted, allowed.

Mrs. Liz Sandals: So that was a board decision.

Mr. Rainer Beltzner: Yes.

The Chair (Mr. Norm Miller): Thank you very much. We'll move to the opposition. Mr. Klees.

Mr. Frank Klees: Mr. Beltzner, interesting story. We have yet one more situation where previous witnesses have laid blame on someone else. We heard from Chris Mazza, and he actually put you into an incredibly good light, because he attributed his very generous compensation package to you, sir. I hear you saying that you're refusing to take on that label of generosity.

I'd like not to belabour this, but can we agree on the \$1.4-million compensation number that we have been dealing with here as the compensation that Chris Mazza received in the last fiscal year as a starting point?

Mr. Rainer Beltzner: Based on the information that was put together by, I believe, Maria Renzella and Rhoda Beecher in the fall of 2011, very specifically after much back and forth with government, the number of \$1.4 million was in fact reported as the total, and that would have included that stipend issue.

Mr. Frank Klees: Of that \$1.4 million, how much of that would have been the personal loan to—

Mr. Rainer Beltzner: Oh, nothing. The \$1.4-million compensation would have consisted of his base salary, the benefits percentage to account for pension and those things, the bonus amounts, as well as those payments under stipend under that contract that I cancelled.

Mr. Frank Klees: In addition to that, there was a personal loan—

Mr. Rainer Beltzner: There was. In addition to that, in 2010 there was a loan to Dr. Mazza, which was a housing loan, which was approved by the board and was, contrary to constant reports in the media, interest-bearing.

Mr. Frank Klees: What was the interest rate on that?

Mr. Rainer Beltzner: It would have been the prevailing CRA interest rate. One of the things that we did, and very carefully, was to do some research, through Maria Renzella and Rhoda Beecher at the time, about two things. One was, would a housing loan in any fashion violate any of our abilities under the performance agreement or whatever the case may be? The second question was, we wanted to make sure that it was structured to be

fully compliant with CRA. Dr. Mazza's not a tax expert, so the logical thing to do was make sure that things were done in accordance with CRA rules so that he didn't get himself into trouble on that side.

I'm aware that both on this loan, the advance on a bonus that was made by GP, which I can elaborate on, as well as the additional housing loan that the media constantly reports as no-interest—I just want to assure the board that the board minutes of all of those entities are very clear and very clearly specify interest. Whether he paid interest, whether Maria Renzella ever charged him interest, I'm a little bit in the dark about that.

Mr. Frank Klees: Well, that's certainly something that we would be interested in.

Mr. Rainer Beltzner: I'm sure the forensic auditors or the other investigations will get into that.

Mr. Frank Klees: With regard to these loans, what I'd like to do is get some details. There was more than one loan, as I understand it.

Mr. Rainer Beltzner: Yes.

Mr. Frank Klees: There was the housing loan. How much was that loan for?

Mr. Rainer Beltzner: To the best of my recollection, the housing loan was either \$400,000 or \$500,000, somewhere in that range. I'm sorry; I just—

Interjection.

Mr. Rainer Beltzner: Five hundred thousand?

Mr. Frank Klees: Five hundred thousand. Was that secured against his residential property?

Mr. Rainer Beltzner: No, it wasn't secured against his residential property, because I don't believe he had a property at the time that he took the loan out. What we did was we secured it against his future bonus payments. Payments out of his long-term incentive plan were, if you like, required to go against the loan, rather than him.

1720

Mr. Frank Klees: So he created his own golden handcuffs. It's pretty hard for you to fire him and not give him a bonus if he owes you a repayment on half a million dollars, right?

Mr. Rainer Beltzner: Well, certainly, our incentive on the long-term incentive plan, which is another subject that we can get into—I think it has come up before, under some testimony. Dr. Mazza, at some point in 2010, in discussions with the compensation consultant—the compensation consultant tells me that Dr. Mazza is looking to greener pastures and other places. This was of some concern to me and the rest of the board, as some of the critical business objectives and deliverables were very, very clearly tied to Dr. Mazza's continuance within Ornge.

Mr. Frank Klees: So there was a threat that he was leaving or considering another offer.

Mr. Rainer Beltzner: Correct.

Mr. Frank Klees: Did the board ever have a discussion with Chris Mazza about that, and did the board ever ask for proof of that offer?

Mr. Rainer Beltzner: No.

Mr. Frank Klees: Would that not have been a reasonable thing to do?

Mr. Rainer Beltzner: Well, I know I had some difficulties with—when I had the discussion with the compensation consultant, I had some difficulties with Dr. Mazza's assertion that he could get a job at a better value and so on, so we had a bit of a back-and-forth on that.

I was, however, aware that Dr. Mazza had been in long discussions and interactions with a Charles Fabrikant, who is the CEO and chairman of SEACOR in the US—a rather large company—who also has a subsidiary that's in the air ambulance business, or providing services in the air ambulance business. So I didn't think it completely out in left field that others would be interested in Dr. Mazza. Charles Fabrikant, from the couple of times that I met him, certainly demonstrated a strong liking to Dr. Mazza. And as I said, they had a business in this area. He was a potential investor.

Yes, there was a risk. We evaluated the risk, and we said, "Well, fine. If we can lock him down with a long-term cash incentive plan, that wasn't such a bad idea."

Mr. Frank Klees: And what about the other loans? If you could itemize those for us, please.

Mr. Rainer Beltzner: Sure. So now we roll into 2011. In the beginning of 2011, Dr. Mazza approached me and possibly some others on the GP board—we're now talking GP—saying, "Look, I've worked hard. I've gone to lots of presentations. I've been presenting to everybody from OMERS to people in the US to people in Brazil, to invest in all this. We're going to get a \$20-million to \$30-million investment. I've been promised that from this particular investor. I think I should get a bonus as a result of all my hard work."

Mr. Frank Klees: Of course, in advance of getting the money from the investor.

Mr. Rainer Beltzner: Well—and he wanted the bonus to be early, right? There was a percentage that he had put forward, which would have resulted in a higher amount than we actually advanced on.

The bottom line on that is he was very up on this, positive on this, and said, "How about an advance, in advance of closing the deal?" So we discussed it and agreed on an amount of \$250,000 as an advance against the bonus—again, interest-bearing, in this particular case, at our actual cost of money, so it would have been higher than the CRA rate. Basically, that would have been a direct loan at our current cost of money.

Mr. Frank Klees: And how was that drawn up, in terms of paper?

Mr. Rainer Beltzner: Maria Renzella would have drawn up a formal agreement.

Mr. Frank Klees: Did you sign off? Did you sign those documents?

Mr. Rainer Beltzner: I can't recall. I presume I did, but I honestly can't recall. That would be in the records.

Mr. Frank Klees: Assuming that you did sign off, do you recall seeing the documents? If so, was there a repayment schedule as part of those documents?

Mr. Rainer Beltzner: There was no repayment schedule as part of those documents. As I've said, the understanding was, as minuted in the board minutes, he was to receive \$250,000 at whatever the current cost of money

was, interest payable without particular repayment terms. It was against a future bonus.

Mr. Frank Klees: If that was a bonus characterized as a loan, what were the tax consequences to Chris Mazza on that?

Mr. Rainer Beltzner: That kind of a situation—I'm a little fuzzy on my tax rules. Forgive me. It's been a while since I've practised tax. But in that situation, I presume it's similar to you going to the bank to borrow money. The rate of interest you pay is what it is. I presume that if that loan had been outstanding for more than a year, there might have been—

Mr. Frank Klees: Deemed.

Mr. Rainer Beltzner: —a deemed income component for tax purposes.

Mr. Frank Klees: Okay. The other bonuses or loans.

Mr. Rainer Beltzner: The last of the loans was again in 2011. Dr. Mazza approached certainly me and perhaps other members of the Global GP board with a request for additional funds. The committee and the board, after discussion, agreed to an additional interest-bearing secured-housing loan of about \$400,000.

Mr. Frank Klees: Another \$400,000. But this one was secured against his property?

Mr. Rainer Beltzner: This one was secured against shares that he owned and insurance policies.

Mr. Frank Klees: And the shares were in what?

Mr. Rainer Beltzner: I believe OGMI.

Mr. Frank Klees: OGMI. That would be Ornge Global something international?

Mr. Rainer Beltzner: Basically the management company that Chris was majority shareholder of.

Mr. Frank Klees: So this was his personal management company?

Mr. Rainer Beltzner: No, this was—

Mr. Frank Klees: This was an Ornge Global.

Mr. Rainer Beltzner: This was the management company that was set up to initially hold 99.99% of the shares of the limited partnership, which would then be diluted as investors came in.

Mr. Frank Klees: What percentage of shares did he own at that time?

Mr. Rainer Beltzner: I was told that he owned a majority portion of the shares. I don't know how many shares he owned.

Mr. Frank Klees: So what was the value of those shares?

Mr. Rainer Beltzner: The valuation of the company, assuming it could be monetized, was—I think about \$100 million was the valuation.

Mr. Frank Klees: And what would that be based on? What would the asset be?

Mr. Rainer Beltzner: I don't know.

Mr. Frank Klees: What source of income did that company have?

Mr. Rainer Beltzner: The company had no source of income.

Mr. Frank Klees: No source of income?

Mr. Rainer Beltzner: No. The company had—

Mr. Frank Klees: It had no assets, but it was worth \$100 million.

Mr. Rainer Beltzner: The company had no source of income at that point in time, no.

Mr. Frank Klees: So we have a company with no source of income, that owns no assets—

Mr. Rainer Beltzner: But has a licence agreement to utilize the know-how and the intellectual property of Ornge, which then has value.

Mr. Frank Klees: And it has value to whom?

Mr. Rainer Beltzner: It has value to anyone who wanted to start an air ambulance operation, for example, in another jurisdiction. Obviously, when you start an air ambulance operation, it's clearly helpful to have an experienced management team. It's helpful to have access to know-how methods, processes, so that you're not starting from square one. That was part of the product set that the for-profit side was moving forward with, presenting to jurisdictions like Brazil and others the opportunity to launch air ambulance operations with the know-how of Ornge.

1730

Mr. Frank Klees: I'd like to pursue this. It's getting very interesting.

The knowledge base was developed within the walls of Ornge, which is a government-funded, not-for-profit company designed to deliver air ambulance service within Ontario.

Mr. Rainer Beltzner: Correct.

Mr. Frank Klees: The individuals who gained that intellectual property were being paid by the government of Ontario to carry out their work and build their intellectual property within the context of that not-for-profit Ornge company that was government-funded. Correct?

Mr. Rainer Beltzner: So far, you're correct.

Mr. Frank Klees: Now we take these people and their intellectual property that was seeded by taxpayers' dollars and we move them over into Ornge Global Management, and voila, we create for these people, who are now shareholders of that company, a \$100-million value. Right?

Mr. Rainer Beltzner: Well, you're partially correct.

Mr. Frank Klees: Tell me where I'm wrong.

Mr. Rainer Beltzner: I think it's fair to say that four or five people alone can't do that. They need to have access to processes, methodologies, procedures, software—

Mr. Frank Klees: And all of those methodologies and all of that process, they brought with them from Ornge.

Mr. Rainer Beltzner: No. In fact, if they had used it, it would have been a violation of intellectual property rights. Understand that in order for all that good know-how to be used in its totality and have any value, it really has to be under a master licensing agreement from Ornge to that party.

Mr. Frank Klees: And of course, that licensing agreement was in place, because, as you say, that's what gave value.

Mr. Rainer Beltzner: Correct. Without the licensing agreement, two things could not happen. The first and foremost is that there would be limited ways by which

Ornge could benefit monetarily from those operations, because the licence agreement, from a tax position, and to protect the charitable status of Ornge, was a mechanism by which we could extract from outside of Ontario some value for the methodologies and good works that had been developed within Ontario in the air ambulance system.

As you're well aware, we looked at a number of different structures, hired PriceWaterhouse, who did some research and different arrangements in terms of what kind of fees are reasonable and so on, and we came to two basic conclusions from all of that. One was that to establish a percentage based on the net revenue of organizations using the licensing agreement would be a very difficult way to get comfortable that the amounts flowing over were in fact proper, because, as I think we can all appreciate, net revenue, bottom-line revenue, is after all sorts of expenses and goodness knows what else comes in.

We didn't want to get into a situation, from the Ornge side, of having to decipher financial statements of companies on the other end.

One of the conclusions we reached was that the simplest way to identify fairly the amounts that should flow over was to base it on gross fee revenue. So whatever dollar came in to the right-hand side, the profit side, a percentage of that, before anything else happened, would flow over to Ornge.

Mr. Frank Klees: That's where the 3% came in; right?

Mr. Rainer Beltzner: Yes. You've made a lot of comment about the 3%, but again—

Mr. Frank Klees: But 3% of \$100 million is not bad; right?

Mr. Rainer Beltzner: Three per cent of gross is not a—

Mr. Frank Klees: I understand. I think we've pretty well nailed that one down.

The Chair (Mr. Norm Miller): You're at 21 minutes, but you can continue.

Mr. Frank Klees: Yes, I'd like to continue with this because I think it's rather interesting and it's pretty fundamental, I think, to a number of issues.

Our friend Chris Mazza got himself another \$400,000 on the strength of his shares in OGMI, which was valued at \$100 million because of the—and all that. Were there any other loans?

Mr. Rainer Beltzner: No.

Mr. Frank Klees: No other source of income?

Mr. Rainer Beltzner: Not at that time, no.

Mr. Frank Klees: Did Chris Mazza carry an OHIP billing ability with him as—

Mr. Rainer Beltzner: I honestly don't know. I know that one of the things—right from the early days, Dr. Mazza and I had a number of discussions around the question of—I think he was doing some stints in Toronto General Hospital as an emergency physician. I know he was doing some stints as a patch physician within Ornge. He and I discussed this question of whether he should continue to do this.

My view, as well as the view of the others on the board, was that it was pretty important for the individual who's running the air ambulance system to have hands into a couple of the key medical areas. He was the expert in critical care transport.

Mr. Frank Klees: Plus a lot of other things, from what we can see here.

Mr. Rainer Beltzner: That could be, but on the subject of critical care transport, we certainly supported him doing stints for whatever rate of pay everybody else got doing those stints.

Mr. Frank Klees: So in addition to all this, he would have an OHIP billing and—

Mr. Rainer Beltzner: Yes.

Mr. Frank Klees: —who knows what he's collected through that. He has done very well, and obviously he had an incredibly co-operative board.

I'd like to go back to this OGMI, where he had, I think you said, the majority of the shares—60%—or did you say—

Mr. Rainer Beltzner: My understanding is that he had majority ownership of that—

Mr. Frank Klees: Who were the other shareholders of that corporation?

Mr. Rainer Beltzner: I don't know all the shareholders. I know that after the company was formed, he let a number of—I can't recall whether it was three or four or five of us on the former board. He advised us that we were offered 0.5 of a share or 0.75 of a share. In my case, I think it was 2.5 shares or something, some miniscule amount.

Mr. Frank Klees: So 2.5 shares would have been valued at what?

Mr. Rainer Beltzner: From my point of view, zero, and a long time of zero.

Mr. Frank Klees: No, but if you, as the chair of the board, were willing to give him a \$400,000 loan against his shares, you must have—and you've said there's a value there, like \$100 million. Let me ask you this: How many shares were issued on that—

Mr. Rainer Beltzner: I have no idea. I have no idea.

Mr. Frank Klees: Okay. I won't get into that. I have to believe, sir, that you had a pretty good idea of how many shares were in that corporation or what your shares were worth.

Mr. Rainer Beltzner: I can assure you, I have no idea how many shares; no idea of how the shares were distributed. I certainly didn't at that time. I have learned since that certain members of the management team had gotten shares. I couldn't tell you how many shares they got.

Mr. Frank Klees: You don't know. Okay. So there's that share—that OGMI.

Mr. Rainer Beltzner: Yes.

Mr. Frank Klees: The other for-profit companies—we have this. I don't have to give it to you because we—

Mr. Rainer Beltzner: I probably know it by heart.

Mr. Frank Klees: We know what that looks like; right?

Mr. Rainer Beltzner: Yes.

Mr. Frank Klees: So there are a bunch of others. Are there any other companies in which you personally own shares?

Mr. Rainer Beltzner: No.

1740

Mr. Frank Klees: So you own shares in none of these other companies?

Mr. Rainer Beltzner: I had nothing to do with anything other than being on the board of a number of those companies.

Mr. Frank Klees: Okay. I'm assuming Chris Mazza owned shares in all of them. Would that be correct?

Mr. Rainer Beltzner: The other companies were subsidiaries of the limited partnership, I believe.

Mr. Frank Klees: Okay.

Mr. Rainer Beltzner: And so it would have been the limited partnership that owned those, yes.

Mr. Frank Klees: Where did the seed money come from to establish these companies? To establish a company costs money. You have to pay lawyers; right? So there's an expense to even putting the scheme together. Where did that seed money come from?

Mr. Rainer Beltzner: To the best of my recollection, the funds that Ornge GP had access to were under that agreement with Agusta, the marketing services agreement. That was a revenue-generating item for GP. Then there was—

Mr. Frank Klees: So how much of that Agusta money would have gone—let me ask you this, because it will be helpful: When the Agusta money came in, where was it deposited—into which of these companies—as kind of an entry into this scheme here?

Mr. Rainer Beltzner: I honestly can't tell you. I assume it went into GP, the general partnership.

Mr. Frank Klees: Okay.

Mr. Rainer Beltzner: I'm assuming—

Mr. Frank Klees: And what was the name? Is it Ornge—

Mr. Rainer Beltzner: Ornge Global GP.

Mr. Frank Klees: Ornge Global GP.

Mr. Rainer Beltzner: Yes. Under limited partnerships, you create a general partner that handles all the business activities.

Mr. Frank Klees: I understand.

Mr. Rainer Beltzner: The limited partners are silent.

Mr. Frank Klees: Right. So it came in there and—

Mr. Rainer Beltzner: I presume.

Mr. Frank Klees: How much money would have flowed into that? The full amount? There were two contracts, as we know, amounting to \$6.7 million.

Mr. Rainer Beltzner: I'm sorry; I don't know.

Mr. Frank Klees: But you're saying—

Mr. Rainer Beltzner: I'm assuming it was the 4.8.

Mr. Frank Klees: Was there any other source of outside money coming into any of these companies, other than that?

Mr. Rainer Beltzner: There would have been, certainly—as you're aware, Ornge Peel and Ornge Air moved over to the for-profit side.

Mr. Frank Klees: Yes.

Mr. Rainer Beltzner: The payments of the employees engaged on Ornge operations and the air operations for Ornge—those costs would have been charged back to Ornge under a management services agreement.

Mr. Frank Klees: Right. I think this is important for us to get a handle on. When you set up these for-profit companies and the employees were moved over there, their salaries were paid out of that for-profit company. The for-profit company charged back to Ornge, the not-for-profit, those salaries.

Mr. Rainer Beltzner: The salaries of those individuals that were involved in Ornge operations; correct—and other costs that were paid for: fuel and whatever else.

Mr. Frank Klees: Okay. The overhead.

Mr. Rainer Beltzner: Correct.

Mr. Frank Klees: Was there any kind of a profit margin that was added to that as a buffer?

Mr. Rainer Beltzner: Not that I recall, no. In fact, the management services agreement, I think, said very specifically “at cost.”

Mr. Frank Klees: Okay.

Mr. Rainer Beltzner: Because the intent, Mr. Klees—understand that the intent of moving Ornge Air and Ornge Peel over, which had \$1 values—they had no assets. They had a bunch of people doing work on behalf of Ornge, and licensed to fly planes and things of that nature in Ontario. The intent was to be able to leverage some of that infrastructure and share the cost with the for-profit side. That was clearly delineated in the management services agreement, in the agreements between the right- and left-hand sides, in terms of cost sharing.

For example, when we get into Dr. Mazza's compensation, the intent in the agreements for Dr. Mazza and Maria Renzella and the others were that they were supposed to keep track of the time that they spent on Ornge versus the time that they spent on Global. They were to charge only time that they spent on Ornge to Ornge under that management service agreement.

Mr. Frank Klees: Did you assure yourself that that, in fact, was taking place?

Mr. Rainer Beltzner: During the discussions in the fall of 2011—and understand this was all set up in March or April 2011 or thereabouts; it was new and getting set up. Based on discussions with Maria Renzella in late fall—in fact, I think it might have been January 2012 when we were meeting and going through some of the stuff—it became apparent that Dr. Mazza had instructed an allocation of time that was not reasonable. In fact, Barry Pickford, who was chair of the finance committee, and I then asked Maria to redo the allocation so that it would be proper, because we obviously didn't agree with Dr. Mazza's generalized allocation, if I can put it that way.

But there was a very clear legal agreement between the right side and the left side that said that the left-hand side was paying for the time of certain management that was based on actual hours, actual work done for Ornge.

The Chair (Mr. Norm Miller): Mr. Klees, two more minutes.

Mr. Frank Klees: Okay, two more minutes and I'll wrap up here. This has been very helpful. I think we have a much better understanding of how this came together and what the outcome was and potentially could have been.

I would like to go back—and I don't want this to be taken on a personal level. The last time you were here, I asked you about your compensation as a director—\$200,000—and you chose not to comment on my question.

I think all of us understand the role of not-for-profits. Many of us are on boards. We know what the compensation levels are. We've heard from many people who have come forward and asked them their opinion of the various compensation levels.

I'd like to ask you again, Mr. Beltzner, how could you justify drawing down \$200,000 as a director of a not-for-profit organization? You're probably going to tell me that you relied on an external compensation review. I do know this: As a chairman and experienced board member of many boards, you also know that you don't have to accept that, and what you could have done is say, "You know something? This is a not-for-profit organization. It's delivering an essential service. I can't even justify accepting that." You had the opportunity to do that.

Your comments, sir.

Mr. Rainer Beltzner: I'll do my best to comment on that. Mr. Klees, I'm not going to try to do anything to justify any dollar amounts. I can just give you some comments.

My comment is, I have spent probably 30 years serving on volunteer boards at no compensation. I have a long history of providing support to the community, as many of us do. I think that's normal for all of us to do. I also hold a 10-year award from the government of Ontario for community service. I spent years on many, many boards on a free basis. These are boards where the level of involvement and the risk inherent in being a board director were relatively minor.

When the Ornge organization was formed initially as a not-for-profit, we established a very small board remuneration. I believe in 2006-07, it might have been \$15,000, \$20,000.

1750

We had one board director flying in from Dryden, spending three days to come in for a one-day board meeting. I think we offered him an additional \$1,000—he's a retired professional—to cover some of his costs. They were relatively modest, I would say, at that time.

Keep in mind, in those early days we were given the opportunity to restructure an organization, or to create an organization that did not exist. There was not an infrastructure. There was not a business. There were many, many hours of meetings. We didn't charge on a per-meeting basis. We just said, "Listen, \$10,000, \$15,000 a year"—whatever it was—"was fine." The risks were relatively low.

We then, of course, created the foundation, the charities, and none of those had remunerated boards, and nor they should. But then we created the for-profit Peel and

the for-profit Air. For those two subsidiary companies, notwithstanding directors' liability insurance and everything else, certainly from my own personal point of view, being a director of an airline company raises your risk profile somewhat, so the remuneration was directly related to the for-profit companies balanced between the amount of time that things took and the risk increase that directors undertook.

The board remuneration over the five- or six-year period increased modestly over time. The \$200,000 remuneration that you referred to in that particular 2010 year, in addition to the for-profit subsidiary entities and all of the operations and so on and so forth, we had of course the issue of the independent committee work, which I presume Alfred Apps has commented on, the amount of time that the independent committee has taken. That's all documented in detailed billings and so on.

If you ask me whether the \$200,000 was fair or not, it was certainly fair in relation to the number of hours spent on the for-profit entities and the number of hours spent on the work of the independent committee, which, on an hourly rate basis, by the way, would have been about a third of what I normally would have charged as a professional.

Mr. Frank Klees: Thank you, sir.

The Chair (Mr. Norm Miller): Thank you. We'll move on to the NDP. Who would like to go? Mr. Singh?

Mr. Jagmeet Singh: Yes.

The Chair (Mr. Norm Miller): Go ahead, please.

Mr. Jagmeet Singh: Thank you very much, Mr. Beltzner, for being here. I just wanted to ask you, just changing up the questioning, to comment on, if you can, some of the issues that—there's somewhat of a contradiction going on between the evidence or the testimony of Minister Matthews and Dr. Mazza.

Mr. Rainer Beltzner: I'll do my best.

Mr. Jagmeet Singh: Yes, thank you. That's all we can ask of you.

Dr. Mazza testified that he had requested a number of times to have a meeting with Minister Matthews. From his testimony, and it's fairly well corroborated, he had met with every other minister and spoken to every other minister. Are you aware of Dr. Mazza making or attempting to have a meeting with Minister Matthews? Are you able to comment with respect to that?

Mr. Rainer Beltzner: I am not aware, personally, of any specific request that Dr. Mazza had made with respect to a meeting with Minister Matthews. There's nothing in my recollection that suggests that.

Mr. Jagmeet Singh: Okay. Were you going to add something else?

Mr. Rainer Beltzner: That, I'm not aware of. Whether he made requests to other ministers previous to Ms. Matthews, again, I'm not sure.

Mr. Jagmeet Singh: Okay.

Mr. Rainer Beltzner: I would not have been involved.

Mr. Jagmeet Singh: Sure. As Ornge developed, there were changes that occurred—

Mr. David Zimmer: Chair, just—

Interjection: You're in the wrong direction. You're too far—

Mr. David Zimmer: Speak into the mike, so we can hear you.

Mr. Rainer Beltzner: Oh, I'm sorry.

Mrs. Liz Sandals: Or just turn on the other mike.

Mr. Rainer Beltzner: I apologize. I'll speak into the mike. Thank you.

Mr. Jagmeet Singh: There were changes that occurred in terms of the corporate structure of Ornge. Throughout, there have been a number of deputants who have come forward and said that as these changes occurred, the ministry was advised of changes that occurred. Is this something that you can speak to? Are you aware of this in general? I can go into more detail in a moment, but is this an area that you have knowledge of?

Mr. Rainer Beltzner: I think, to be fair, what the board had knowledge of is what the board was informed of. The board was informed that there were regular meetings with the ministry, as required under the performance agreement, that the ministry was fully informed of our actions at all times. Certainly there was the opportunity back in 2008-09 with the MNP interaction to have had lots of discussions concerning the activities of Ornge. I don't think there was anything at all that was hidden or otherwise from MNP.

Mr. Jagmeet Singh: Just to ground the comments you're making now, what are they based on in terms of your knowledge of this? It's based on direct knowledge? Who told you or what's your basis for this knowledge?

Mr. Rainer Beltzner: The people who would have said that to me and other members of the board would have been Dr. Mazza, Mr. Lepine—in particular, those two. I don't recall whether Maria Renzella ever said anything of the nature. I presume that she, in fact, did have meetings with the ministry to go over financial statements and budgets and things of that nature.

Mr. Jagmeet Singh: Okay. I'd like to move to a different area. When Dr. Mazza's salary was initially disclosed on the sunshine list and then it transitioned to no longer being disclosed on the sunshine list, one of the reasons why that was possible was due to a restructuring of the way Ornge was organized, in terms of having different entities. Is that correct? Are you aware of that?

Mr. Rainer Beltzner: Yes, that's correct.

Mr. Jagmeet Singh: That change to the corporate structure of Ornge, which allowed for—in a completely legal sense; maybe not in the spirit of disclosure, but certainly in the legal sense—and insulated Dr. Mazza from having to disclose his salary, went through the board and was approved by the board?

Mr. Rainer Beltzner: Oh, absolutely. Absolutely.

Mr. Jagmeet Singh: Do you agree that that change allowed for that legal exemption from having to disclose salary?

Mr. Rainer Beltzner: It's not something that I need to agree with. Our concern, as I said before in testimony, was: When we do any restructuring, are we on board with the performance agreement? Are we in violation of the

performance agreement? Are we in violation of any other law? Is there any other regulation that we need to comply to? That's the objective of the board, to ask that question and to get positive answers from that. We received all the assurances and legal opinions and whatever else was required.

To go back to this point on compensation disclosure, I would say that the compensation disclosure issue probably was the last thing from the board's mind in this restructuring. I just want to reiterate that, right from the beginning—and I would take you back to a board retreat in February 2006, just after the formation of Ornge. We have our first board retreat in the lovely hamlet of Kenora in the middle of winter. I think it was about 38 below or something at that time. At that board retreat, Dr. Mazza, who was, for all intents and purposes, the person appointed by the government and selected by the government to create this organization—he had the knowledge; he had the vision—presents to the board this vision and this business direction that he is informed or agreed with government to do. In that presentation, there is a very clear and definitive set of statements that said we are to create this air ambulance system; we are to look for funding through donations, which had not been done previously; and we are to look for opportunities for for-profit operations to support the Ornge operation.

1800

So right from the beginning, and this is documented in the minutes of the board retreat—and we had a facilitator at the board retreat who documented everything, so it would be in the board minutes—in the board's mind, here was an individual, Dr. Mazza, who had been presented forward by and approved by the government—keep in mind where we're coming from—to now bring forward a business plan and a vision and a concept. This is what he put forward, this is what we understood to be the objective, and this is what we went forward with.

From my point of view, throughout the years, there has never been a time when we weren't, if you like, public with that objective. There are lots of things that we said and did that clearly indicated that that's the direction we were heading in. For example, back in 2010—it might have been even 2009—there were discussions with potential investors, OMERS and others, regarding investment in a for-profit operation outside of Ontario leveraging the good knowledge and know-how that has been built up, so this was no secret.

Now, whether in fact Dr. Mazza or others in the organization had properly kept the government apprised through the process, I honestly don't know. What I do know is that in January 2011 I did send, with the help of Alfred Apps, legal counsel and a whole bunch of other people, a very detailed, informative letter, which I thought was necessary to send to government, to everybody I could think of in government, to say, "Look, this is what we're doing. It's a novel thing. I recognize you may not have the legal right to stop or whatever"—I think Alfred Apps had some words like that in the letter—"but this is what we're doing." And if you have a

comment, a question or a concern, surely you would have raised it. So I'm confused.

Mr. Jagmeet Singh: Fair enough.

Mr. Rainer Beltzner: Quite honestly, I'm confused.

I just want to say, again, we set out, way back in 2005-06, with an honest objective. We may have debates as business people about whether this structure or that structure was the best appropriate structure, whether this decision was the right decision or whether tail rotors falling off AW139s is good or bad, but in all of these cases, comprehensive business cases came to the board; the board undertook all appropriate actions. We felt and believed and understood that this was the right thing to do and that government was fully informed and, just to go back to your comment, Ms. Gélinas, at no time did the government ever come back and say, "This is no good."

I asked myself the question right from day one, I was interested—if I might digress. This morning, I was listening to a few comments from Hugh MacLeod, who was here this morning. I very much respect Hugh MacLeod. I've known him for a number of years and I understand his work and so on. I was particularly interested in his comments about the early days of 2002, 2003, 2004, that Ornge was to be set up similar to the Alberta STARS program, but Ontario-fied, if I can put it that way, which made sense. Ornge, or air ambulance, was unknown to the public; there was no public funding. Surely to God the public should know about this fantastic entity or operation and help to fund it, whether public or corporate donations. Fine.

I understood from Mr. MacLeod's testimony that there were lots of presentations by Dr. Mazza about failures in the past, ways to go forward and so on. Throughout all that discussion, there wasn't anything raised about the question of for-profit. It was all modelled after STARS and so on.

I asked myself, how did this come forward that the government of the day divests to basically a fully independent, not-for-profit organization and operation, combined with a performance agreement that, I think it's fair to say, Jim, didn't have all the hooks that one would normally see?

Mr. Jim McCarter: Yes, especially on the for-profit side—

Mr. Rainer Beltzner: Right, and notwithstanding even the for-profit side, I think there might have been other hooks on the foundation side.

To me, as I came into the organization, here was a situation where a company had been created, or was going to be created; the government was clearly giving the organization full rein and full opportunity. Dr. Mazza was telling the board, "Our goal is to raise donation income, raise for-profit income, run the organization well. That's what we're doing." There wasn't an indication of anything else. So Hugh MacLeod's testimony this morning was a bit of an eye-opener to me, I have to say, because that identified for the first time, in my eyes, that somewhere along the line it went off the rails. But I have to say, I think it went off the rails as Ornge was created,

or the Ontario Air Ambulance services was created, at day one.

Mr. Jagmeet Singh: Mr. Beltzner, thank you very much for that. I just wanted to bring you back to another issue. Thank you for sharing those comments.

Mr. Rainer Beltzner: Sorry.

Mr. Jagmeet Singh: No, I appreciate that.

After the MNP audit occurred, were you aware of the recommendations that MNP had put forward?

Mr. Rainer Beltzner: Of course.

Mr. Jagmeet Singh: The first recommendation was to ensure that the government was comfortable with the corporate structure.

Mr. Rainer Beltzner: Yes.

Mr. Jagmeet Singh: What was the impact of that on the board, and what steps did you take when you saw that?

And just one additional thing: Did that inform your decision to be very extensive with your briefings in 2011, when there were further changes? Did the MNP recommendation to make the government more comfortable with the corporate structure inform your decision to make sure that there was this letter sent out to all interested parties in the government, and even the opposition, related to the corporate structure?

Mr. Rainer Beltzner: Thank you for that question. I'll do my best to answer it.

I think there was a set of recommendations in the MNP report that basically said the government should take the initiative to get a better understanding of the corporate structure, do some changes to the performance agreement, things of that nature.

From my point of view, I didn't have any objections to any of those things, of course. But I'm not government. We're kind of downstream from that. My expectation was that if government wanted to do something or accepted the recommendation, they would. But nothing happened. That's the first answer.

With respect to your second question about whether it informed the subsequent January 11 position: maybe subconsciously, but not consciously. The January 11 letter, quite simply, was a matter that any good board undertaking something of this nature would have paused and said, "Hey, let's just do a sanity check with government, who are our key stakeholders." That was the purpose of that letter. We weren't going to go ahead unless that sanity check had been done.

1810

I know Dr. Mazza had made comments about, "Had the minister said something, it would have been 'Yes, ma'am,'" and so on. Notwithstanding all of that, we have a board of professional people, of experienced business people, some of us with long relationships with government. Had there been a pushback from government on this, we certainly would have entered into a discussion and figured out, "Where is this going off the rails and why are you objecting?" Maybe that would have raised a flag. Maybe it would have stopped the situation at that point in time. But I can tell you that from my point of view and from my board's point of view, there was

nothing that came back that would suggest, in the least bit, anything but a supportive response. That's the best I can tell you.

Interjection.

M^{me} France Gélinas: Chair, it's still ours?

The Chair (Mr. Norm Miller): Yes.

Mr. Frank Klees: Take it away.

M^{me} France Gélinas: I'm just going to clean up a few things that have already been worked on. When we had Mrs. Rhoda Beecher here and asked about Dr. Mazza's salary, she said kind of the same thing as you, but not exactly. I want to see: Do you see it as different, or are you both saying the same thing? She says that Dr. Mazza's salary came from the board or the compensation committee of the board and was made up of his base salary, his performance pay, his long-term incentive pay and his clinical director pay. That's what she told us yesterday. It's not exactly the words that you used, and you added a percentage for benefits, which she did not share with us.

Mr. Rainer Beltzner: Yes.

M^{me} France Gélinas: Are you comfortable with what I just read? Do you want me to read it again?

Mr. Rainer Beltzner: Let me maybe speak to that. What came to the board for approval and what the board had specific responsibility to approve was his base compensation, any bonus—

M^{me} France Gélinas: What she called performance pay.

Mr. Rainer Beltzner: —performance pay and any special bonus, and then any loans or things of that nature. What did not come to the board for approval was any specific payment that he received as a patch physician. We didn't know how many hours he spent in the box in the patch physician role or what he got paid for that. That didn't come to the board; the board didn't approve that. That may be the only discrepancy in that.

M^{me} France Gélinas: Do you remember what the percentage in lieu of benefits was?

Mr. Rainer Beltzner: Now you're testing my memory.

M^{me} France Gélinas: Yes. I'm good at that.

Mr. Rainer Beltzner: I think 30% of base pay.

M^{me} France Gélinas: Very good. The other little item I wanted to clean up before we go on—or did you get—

Mr. Rainer Beltzner: Just a moment here. The stipend that Dr. Mazza received under that separate contract, the personal service corporation: As I indicated, the contract in 2008 was brought to me by Luis Navas, who was chair of the compensation committee, to renew the contract for that stipend. As I indicated, I spoke to Luis about it—"What is this?"—got an explanation in terms of the history of it, read through the contract from a business person looking at it and saying, "Does it have deliverables, responsibilities?", those kinds of things. It was reasonably structured. There were amounts set out for each of the medical director areas. On that basis, I had signed that contract.

I don't know whether we ever took that particular contract to the board. I don't believe we did, and, quite

frankly, I think it disappeared off the radar, if I can put it that way, until it reappeared in 2011. The contract had a clause in it which—and I'm sure you can get a copy of the contract—allowed for automatic renewal year to year. I see Mr. Klees smiling. You know, I suppose it's not really unusual. What's unusual in this situation is that Dr. Mazza would renew it, if you like, without performing services. I think, as a professional, that's a little—anyway, I'll let him deal with that issue, if I might.

M^{me} France Gélinas: Okay. That was the cleanup I wanted to do with the compensation of Dr. Mazza. The other little cleanup I want to do is on questions about payments for the board.

In February 2006, things are just starting up. Right there, in 2006, the board approved \$10,000- to \$15,000-a-year payments for every board member?

Mr. Rainer Beltzner: I honestly can't remember the specifics for each board member at the time, but I can tell you that in late 2011, under my instruction, that information was put together in detail by board member, by company, for every year, and reported to the ministry.

M^{me} France Gélinas: So there is a document that exists out there—

Mr. Rainer Beltzner: There is a document which exists, which I saw—I don't have it anymore but I saw. The instruction was to communicate it to the ministry. I think it probably went to Patricia Li, if I am to guess. It would have come from Maria Renzella and it would identify very specifically, by year, by company and by board member, exactly how much everyone was paid through the period.

M^{me} France Gélinas: Before you put that together, did you know where the money was coming from?

Mr. Rainer Beltzner: Of course.

M^{me} France Gélinas: Okay. So if we talk about yours, can you tell me—the year 2010 is the one that has been on the top of the Toronto Star for six months so everybody knows that the amount is \$200,000.

Mr. Rainer Beltzner: Yes, thank you, Toronto Star.

M^{me} France Gélinas: Whether you want to or not, you have—

Mr. Rainer Beltzner: I'm worth more than that, by the way. Let me put that on record.

M^{me} France Gélinas: Of the \$200,000 that came to you for the year 2010, any idea where the bits and pieces came from?

Mr. Rainer Beltzner: I can't remember the exact breakdown—

M^{me} France Gélinas: That's okay.

Mr. Rainer Beltzner: —but it would have come as a board retainer for the board of Ornge Air and Ornge Peel, as well as an additional retainer as chair of an operations committee of Ornge Peel, and then an amount per meeting—sort of a meeting fee—for every committee meeting or board meeting.

M^{me} France Gélinas: And would that include the committee meetings and board meetings of Ornge, the not-for-profit entity?

Mr. Rainer Beltzner: Ornge was a charity and there was no board remuneration for Ornge or Ornge Founda-

Mazza that are outside of established company policy. Dr. Mazza engaged services not needed and not delivered.

"Underneath all of this is the other question of why Rhoda Beecher, Maria and possibly others went along with this, and without reporting it.

"Clearly this may ... be the tip of the iceberg, so to speak. I have advised Barry Pickford, chair of the audit and finance committee, of these matters as well.

"This is most disturbing.

"Rainer."

Going up the email, there was a response from Mr. Flynn: "Rainer, clearly these are items that warrant further scrutiny. Rest assured, we shall take these into account as the audit moves forward."

Can you comment on—

Mr. Rainer Beltzner: I think this is totally consistent with what I testified a little earlier this evening.

Mr. David Zimmer: All right. And what actions were taken subsequent to this?

Mr. Rainer Beltzner: This memo, as you can see, was written December 24, Christmas Eve, halfway through that day. Obviously I am most disturbed—

Mr. David Zimmer: How did these matters come to your attention?

Mr. Rainer Beltzner: I think, as indicated clearly in the memo—

Mr. David Zimmer: You got the information and then were concerned about it and sent off the email to Flynn, but how did you get the information?

Mr. Rainer Beltzner: What had happened, as I testified a little earlier, through the process in December when everybody was trying to do this compensation disclosure—we were trying our best to satisfy the government on the request for compensation but could not, for reasons I can be happy to get into, and eventually did. When that \$1.4-million number came up, it raised the question—I mean, I went back to Rhoda, or Maria, and I said, "What's this? What's it comprised of?" It came to my attention that we were still paying for this stipend. My impression at the time was, "Why are we still paying for this?" Because we had kind of moved on. Dr. Mazza was not spending as much time on Ornge matters as he used to, and it raised the question in my mind of what's this all about? Because the last time I saw it was in 2008, thereabouts.

Through discussions with Rhoda and Maria Renzella—I perhaps forgot to mention Maria in this—I kind of dig into this and I say, "Where are the invoices? How do we know work is done?" Then Lepine gets into the conversation to say, "The work has never been done. It's not required. There are other people doing this work," and the rest of it. I left it at that. I didn't dig into it any further than to raise those questions.

I got home, put the memo together and said, "Look, this is something that needs to have a formal investigation. Ken, please take it on."

Mr. David Zimmer: All right. And Ken Flynn also tacked on another email response. He said, "For our consideration. Also assoc. DM informed me we should go

back to 2007 when looking at exec. compensation." That's the full email.

Who is the last—in the last sentence in the letter: "Clearly this may ... be the tip of the iceberg so to speak. I have advised Barry Pickford, chair of the audit ... committee...." Is he a board member?

Mr. Rainer Beltzner: Yes, he is.

Mr. David Zimmer: When and in what manner did you inform Barry Pickford? By cc'ing this email?

Mr. Rainer Beltzner: I might have sent him a copy of this email, but I definitely did speak to him. I can't recall whether I phoned him or spoke to him or sent him an email or what it was.

Mr. David Zimmer: Okay. So going back, then, in the years leading up to this email of December 24, 2011, why did the board approve those payments?

Mr. Rainer Beltzner: As I testified earlier, the payments under the stipend came about as a result of a long-standing contract between Dr. Mazza's professional firm and originally, I guess, Sunnybrook and Women's, and then Ornge Air Ambulance Inc. and then Ornge.

I first became aware of it when it was brought to my attention by the chair of the compensation committee in 2008, who presented to me this contract between Dr. Mazza's professional services corporation and Ornge detailing a role as medical director for a number of different areas of the province with, I think, \$50,000 or \$60,000 amounts associated with each. I reviewed the letter. I had a discussion with Luis Navas at the time to kind of get clarity as to why we were doing this and so on. That's when it was approved.

The contract had an automatic renewal component year to year, which, quite frankly—

Mr. David Zimmer: So here's what I'm struggling with: Obviously, from your statement just now, this issue was in play at the board because you were talking about it with various people back in 2008. The issue was out there. It's not—

Mr. Rainer Beltzner: Sorry, what issue?

Mr. David Zimmer: These extra payments or contracts with Dr. Mazza.

Mr. Rainer Beltzner: No, the contract between Dr. Mazza's professional corporation and Ornge was presented to me for approval as a co-signer of a contract, along with Luis Navas, and I did go sign it. To the best of my recollection, it did not go to the full board.

1840

Mr. David Zimmer: So what happened on Saturday, December 24 at about 9 o'clock in the morning—10 o'clock, 9:54? People are getting ready for the holiday season, the Christmas season, all the usual holidays. What jumped out in your mind on Saturday, December 24, when everybody is shut down and they're doing other things and getting ready for holidays, that gave you a start to sit down and crank out this lengthy and detailed email on this issue? Something must have hit—

Mr. Rainer Beltzner: Absolutely.

Mr. David Zimmer: What was it?

Mr. Rainer Beltzner: It was probably on the previous day, on the Friday, when we were wrapping things up in

the office that—it would have been perhaps over the previous days in that week that we had gotten into a conversation about, what's going on that this stipend is being paid? What's the support in evidence for the stipend? Through the conversations and dragging other people into the conversation, such as Mr. Lepine, then it got into, well, who else is getting paid for which there is no evidence? It just carries on. So I was going home late that night and I was saying, "Good Lord, what's going on? It's time to sit down and paper a memo to Ken Flynn," because at that point in time, I was hearing from management that they knew of things that were potentially inappropriate—nothing proven at this point; potentially inappropriate, which is disturbing. This had to do with potentially unauthorized payments, so my objective was to flag it to Ken.

Mr. David Zimmer: When was the last board meeting before December 24, when you wrote this memo?

Mr. Rainer Beltzner: I can't recall. It might have been early that month.

Mr. David Zimmer: Early that month.

Mr. Rainer Beltzner: Yes.

Mr. David Zimmer: You used the expression, "I've got to paper a memo," and it happened on December 24, on a Saturday. It seems a great rush to get the memo out, a great need—

Mr. Rainer Beltzner: Well, it was a holiday period, and detail is my nature.

Mr. David Zimmer: One way of looking at it is that on Friday afternoon, on the 23rd, you became aware of this for the first time and diligently advised finance and the chair of your audit committee.

Another interpretation may well be that the issue was known about for some time and something happened on the day before that triggered this almost panic to get this email out, to paper something.

And another interpretation might be, if you'll pardon my expression, that it was a "cover my butt" memo.

Can you see how those two interpretations would play out?

Mr. Rainer Beltzner: With all respect, I think your interpretations are incorrect.

Mr. David Zimmer: But can you see how the interpretation—

Mr. Rainer Beltzner: There are lots of interpretations that I could develop, but none of your interpretations, particularly the last two, are correct.

Mr. David Zimmer: All right. Thank you.

Mrs. Liz Sandals: How much time do we have left?

The Chair (Mr. Norm Miller): You have three minutes left.

Mrs. Liz Sandals: In this round or—

The Chair (Mr. Norm Miller): In total.

Mrs. Liz Sandals: In total. Okay.

Incidentally, I did want to make one comment on your earlier description of your understanding in 2005-06 from Dr. Mazza of the intent to create for-profit. We had both Hugh MacLeod, who was the ADM in 2002-03, and Ron Sapsford, who was the deputy in 2005-06, and they were both crystal clear that, in their view, the intent was to set

up a non-profit corporation that would act solely in the public—you know, provide air ambulance service in Ontario, that there was no discussion at the time of setting up for-profit corporations, hence the lack of any reference to that in the performance agreement. There was a contemplation of setting up charitable foundations to receive donations, in the Alberta model, but not to create for-profits.

I just wanted that—

Mr. Rainer Beltzner: No, I appreciate that and—

Mrs. Liz Sandals: —to stand because that was the testimony we heard from the relevant senior bureaucrats at the Ministry of Health this morning.

Mr. Rainer Beltzner: Certainly, and just in listening to Hugh MacLeod's testimony this morning, I understand that. I just want to make clear that was not something that was brought forward to the new board in any way, shape or form.

Mrs. Liz Sandals: Yes, and thank you for actually sharing that with us because that does give us some perspective.

I want to think a bit, in the little bit of time we've got left, about the issues of governance and accountability and acting in the public interest, because you're both a professional CA, where you have a code of conduct—

Mr. Rainer Beltzner: Absolutely.

Mrs. Liz Sandals: —where you need to act in the public interest. In addition, you were sitting on the board of a publicly funded entity providing public air ambulance service.

Mr. Rainer Beltzner: Yes.

Mrs. Liz Sandals: Did the issue ever come up in your own mind, given that you had positions not just on Ornge but on various of these for-profits, as a board member, a shareholder, whatever, on some of these for-profits—did it ever come up, in your mind, that there was a conflict of interest here, from a governance point of view?

The Chair (Mr. Norm Miller): And you are on your last minute.

Mrs. Liz Sandals: Okay.

Mr. Rainer Beltzner: We looked at—yes. The answer to that question is yes. We looked at it carefully and we tried to balance that. Clearly, the position of being on the board of Ornge GP and on the board of Ornge could potentially be viewed as conflict. My view was simply this: that as we developed the master licence agreement between Ornge and the new to-be for-profit entities—as I testified with Mr. Klees's question, as a simple accountant, I wanted to make sure that there was a straightforward way of calculating the monies moving over. That's point one.

The other point was, I wanted to have some mechanism, as the chair of the board of Ornge, to have some insight into the operations of GP. After much debate and discussion, we embedded within the master licence agreement the requirement that there be two board members—a minority position—from Ornge on the board of GP.

Mrs. Liz Sandals: And if I may, the reason I'm asking the question is—and you've made reference to some

of the front-line workers. What we've actually heard from the front line is that they could tell the difference, once the for-profits were set up; that it seemed as though the senior people were "distracted"—that was the word that often came up—in looking at how to make a profit and that they lost sight of the core role, which was to provide public air ambulance service. So whether there was a legal conflict, there seems to have been an ethical and a practical conflict between the activities of focusing on the for-profit and the enterprise of delivering air ambulance service in the public interest.

Mr. Rainer Beltzner: Well, perhaps I could speak to that momentarily—

The Chair (Mr. Norm Miller): Just quickly, as short an answer as you can. That would be great.

Mr. Rainer Beltzner: As short an answer as I can. First of all, Tom Lepine, who was COO of the Ornge operation and responsible for the delivery of the air ambulance services within Ornge, was dedicated to that. Dr. Mazza provided and continued to provide the visionary oversight and so on. But the day-to-day ground-work—it was Mr. Lepine and his crew who were responsible for that, as well as the medical advisory committee.

I can assure you that certainly the board, for all of the changes and different operations, including, for example, the change in response time—I don't know if you're aware, but one of the first things that the board did after the change in response time was initiated was to say to the medical advisory committee, "You monitor that and you report back to us about whether there is any impact at all on patient." That was a direct requirement for the medical advisory committee, to come back to the board on that issue, and they did. I only point that out to say that at no time did the board of Ornge lose sight of its responsibilities to do the best for Ontarians.

1850

That wasn't a distraction for, particularly, the people involved in day-to-day operations. I can appreciate how people in the field may have viewed that as a distraction and perhaps to them it was, but it certainly didn't distract the board, and it certainly didn't distract the board from asking the right questions about what's happening out in the field, patient reports and so on.

The Chair (Mr. Norm Miller): And if we can move—

Mrs. Liz Sandals: And perhaps it comes back to your earlier observation that you didn't always get all the feedback from the front lines.

Mr. Rainer Beltzner: Correct. For example—if I might, Chair, just two minutes more.

The Chair (Mr. Norm Miller): Go ahead.

Mr. Rainer Beltzner: I was equally surprised at Mr. Lepine's comment about having provided the ministry with incorrect patient transfer data. I can tell you that at the board that's a big surprise.

The Chair (Mr. Norm Miller): Okay. So we'll now move to Mr. Klees and the opposition. Mr. Klees.

Mr. Frank Klees: Mr. Beltzner, I just want to speak very briefly about your responsibility as a director and the other directors who had a fiduciary responsibility to

ensure that the organization of Ornge was acting within the scope of its authority. That's a fundamental mandate of any board of directors. My understanding is that the scope of the authority of Ornge was clearly defined within the performance agreement that was signed between Ornge and the government of Ontario. There was no other document. That was the mandate that Ornge was granted, and the conditions were clearly set out.

In my questioning of Mr. MacLeod this morning, and other witnesses, it all comes down to this: that there was a very clear mandate set out by the government. It was to consolidate air ambulance services. Nowhere in that performance agreement is any reference made to for-profit companies being established, to international business being developed. There may have been a seminar, but the document that gives the scope of authority is clearly the performance agreement.

My question to you is this: Given what has happened—as you said, the members of your board were experienced people. At what point did the board ask for documentation or for a policy decision of the government that gave you the latitude to go beyond the scope of your authority? At what point did that happen?

Mr. Rainer Beltzner: Well, Mr. Klees, the best way I can answer that question is, as I understand it from the legal advice that we received throughout the process, everything that we did was well within the legal authority of the entity to do and did not violate the performance agreement.

Mr. Frank Klees: Who provided that legal advice?

Mr. Rainer Beltzner: That would have come from Fasken's.

Mr. Frank Klees: And specifically at Fasken's, who provided that advice?

Mr. Rainer Beltzner: I can't specifically—it would have been either through Lynne Golding, Cynthia Heinz, Alfred Apps, or a combination thereof.

Mr. Frank Klees: And who specifically was it who designed this schematic of all of these for-profit companies?

Mr. Rainer Beltzner: That would have been, to the best of my knowledge, Alfred Apps.

Mr. Frank Klees: Thank you.

This document, Meyers Norris Penny, you're familiar with it?

Mr. Rainer Beltzner: Yes.

Mr. Frank Klees: Did all of the directors see a copy of this report?

Mr. Rainer Beltzner: I expect so, yes.

Mr. Frank Klees: Some 26 recommendations in this report went to the board of directors, it went to the government, but I want to deal specifically with the board. Any board member reading this has got to say to themselves, "We've got a problem here." There are 26 very serious issues, and the first one that is at issue is a recommendation that the Ministry of Health have a discussion with Ornge about the structure of Ornge, because there was a concern that it was inconsistent with the performance agreement.

My question to you is this: Did at any time any director at any board meeting make reference to this and say, "Gentlemen, we have a problem that we need to look into?" Did anybody raise that concern even once?

Mr. Rainer Beltzner: With respect to the government's understanding of the structure?

Mr. Frank Klees: No, with regard to this document, apart from the government. You get a document like this—

Mr. Rainer Beltzner: I think I need you to clarify your question.

Mr. Frank Klees: Okay; 26 recommendations, 26 red flags that say that Ornge is out of compliance with the performance agreement; the reporting documentation is not what it should be. There are numerous other issues. Did any director ever say, after reading this, "What are we doing about this, and coming into compliance?"

Mr. Rainer Beltzner: The answer to that question is, of course, that it was fully—that was discussed at the board. There are a number of items, in particular related to reporting requirements and timing of reporting. I know there were a number of issues in that MNP report where we were either not in full compliance with the performance agreement or there was some misunderstanding about that. Certainly, that was discussed at the board and certainly the direction to management was, "Get it fixed." Reports back from management—I'm fairly certain we initiated that even before the MNP report—was a quarterly report back to management on performance agreement compliance, which was management's assertion on all areas of the performance agreement. It was sort of, "Tick 'comply,' 'comply,' 'comply' or 'non-comply,' and here's why."

Mr. Frank Klees: So management reassured the board that they are in compliance with all of these issues. You were satisfied with that?

Mr. Rainer Beltzner: Yes.

Mr. Frank Klees: I'd like to focus on the \$6.7-million agreement that was signed after the purchase of the helicopters from AgustaWestland. I've referred to it as—

Mr. Rainer Beltzner: I apologize; I don't know which \$6.7-million agreement—

Mr. Frank Klees: There were two contracts that—

Mr. Rainer Beltzner: So you're referring to two agreements?

Mr. Frank Klees: Two agreements totalling \$6.7 million. Are we clear now which contracts those are?

Mr. Rainer Beltzner: Yes.

Mr. Frank Klees: I've referred to them as kickbacks. The reason I did that is because any reasonable person who looks at that transaction would see a sale. We heard testimony here from senior people at Ornge who said, "There was no substance to that \$6.7 million. We did not need to pay it. Chris Mazza insisted on paying it. A couple of months after we paid for our helicopters, lo and behold, we get a contract, a marketing services agreement, that has a schedule of payments that would amount to \$6.7 million being paid to one of our for-profit companies."

As a director, someone who knows business, someone who knows what value is, did you or any other director ever question that transaction—question its integrity?

Mr. Rainer Beltzner: Which transaction?

Mr. Frank Klees: The marketing services agreement between AgustaWestland and, I guess it was, Ornge Global.

Mr. Rainer Beltzner: In context, let me respond to that question.

The Chair (Mr. Norm Miller): And you have three minutes left, Mr. Klees.

Mr. Frank Klees: Please only take two, because I have—

Mr. Rainer Beltzner: I will try to be as quick as possible and give you some of my 10 minutes if you like.

Let me be clear: The board was completely unaware of any additional payment amounting to six-odd million dollars made to Agusta. This became evident to the board in January—

Mr. Frank Klees: Of this year?

Mr. Rainer Beltzner: Of this year. Cynthia Heinz reported that to me and Barry Pickford at the Fasken's office as we were meeting in early January of this year to try to help the government with the issue of board resignation and all the rest of those things. I'm hearing this from Cindy. I then ask, "Where's the evidence? What's going on?"

We then have Bruce Tavender, who was the chief financial officer of Ornge, come. He presents to us—by "us," I mean certainly Barry Pickford and myself, and there may have been some other board members in the room; I can't recall—certain documents, including a letter from Agusta to Ornge, to—I can't recall; it might have been Rick Potter who it was addressed to. But in reading through the letter, it became evident that Ornge was not required to pay for a weight upgrade. That's what the letter said, in effect.

1900

Bruce Tavender tells us that Ornge did, in fact, pay for that weight upgrade. At this point I'm confused, because the authorization from the board with respect to the Agusta contract, the original helicopter contract, was black and white. It said, "The board approves this contract and approves amendments to the contract of a minor nature. Any major amendment must come forward for approval and must have the signature of the CEO and the chair of the board"—very specific.

Mr. Frank Klees: And did that happen?

Mr. Rainer Beltzner: Well, if you look at whatever documents are related to that transaction, you will see the signatures, I believe, of Chris Mazza and Maria Renzella. It did not come to the board. There are no board minutes. In fact, Maria's presentation to the board, the last one for Agusta payments, dealt with about \$2 million, dealt with additional parts and additional implementation time changes, all completely fine. We looked at that and approved that. There was never a mention of a payment of \$6.7 million for a weight upgrade.

When that issue came to light, I walked out of the room. This is in a meeting with Bruce Tavender and

CONTENTS

Wednesday 1 August 2012

Special report, Auditor General: Ornge Air Ambulance and Related Services.....	P-569
Mr. Ron Sapsford.....	P-572
Mr. Hugh MacLeod.....	P-583
Mr. Jonathan Lee.....	P-594
Meyers Norris Penny.....	P-607
Ms. Margriet Kiel	
Mr. Rainer Beltzner.....	P-621

STANDING COMMITTEE ON PUBLIC ACCOUNTS

Chair / Président

Mr. Norm Miller (Parry Sound–Muskoka PC)

Vice-Chair / Vice-Président

Mr. Toby Barrett (Haldimand–Norfolk PC)

Mr. Toby Barrett (Haldimand–Norfolk PC)

M^{me} France Gélinas (Nickel Belt ND)

Mr. Phil McNeely (Ottawa–Orléans L)

Mr. Norm Miller (Parry Sound–Muskoka PC)

Mr. Reza Moridi (Richmond Hill L)

Mr. Jerry J. Ouellette (Oshawa PC)

Mrs. Liz Sandals (Guelph L)

Mr. Jagmeet Singh (Bramalea–Gore–Malton ND)

Mr. David Zimmer (Willowdale L)

Substitutions / Membres remplaçants

Mr. Frank Klees (Newmarket–Aurora PC)

Also taking part / Autres participants et participantes

Mr. Jim McCarter, Auditor General

Clerk / Greffier

Mr. William Short

Staff / Personnel

Ms. Catherine Beagan Flood, legal counsel

Mr. Ray McLellan, research officer,

Legislative Research Service

Ms. Susan Viets, research officer,

Legislative Research Service

20N
C21
P72

20N
C21
P72

P-18



P-18

ISSN 1180-4327

Legislative Assembly of Ontario

First Session, 40th Parliament

Assemblée législative de l'Ontario

Première session, 40^e législature

Official Report of Debates (Hansard)

Thursday 2 August 2012



Journal des débats (Hansard)

Jeudi 2 août 2012

Standing Committee on Public Accounts

Special report, Auditor General:
Ornge Air Ambulance and
Related Services

Comité permanent des comptes publics

Rapport spécial, vérificateur
général : Services d'ambulance
aérienne et services connexes
d'Ornge

Chair: Norm Miller
Clerk: William Short

Président : Norm Miller
Greffier : William Short

Hansard on the Internet

Hansard and other documents of the Legislative Assembly can be on your personal computer within hours after each sitting. The address is:

<http://www.ontla.on.ca/>

Index inquiries

Reference to a cumulative index of previous issues may be obtained by calling the Hansard Reporting Service indexing staff at 416-325-7410 or 325-3708.

Le Journal des débats sur Internet

L'adresse pour faire paraître sur votre ordinateur personnel le Journal et d'autres documents de l'Assemblée législative en quelques heures seulement après la séance est :

Renseignements sur l'index

Adressez vos questions portant sur des numéros précédents du Journal des débats au personnel de l'index, qui vous fourniront des références aux pages dans l'index cumulatif, en composant le 416-325-7410 ou le 325-3708.

Hansard Reporting and Interpretation Services
Room 500, West Wing, Legislative Building
111 Wellesley Street West, Queen's Park
Toronto ON M7A 1A2
Telephone 416-325-7400; fax 416-325-7430
Published by the Legislative Assembly of Ontario



Service du Journal des débats et d'interprétation
Salle 500, aile ouest, Édifice du Parlement
111, rue Wellesley ouest, Queen's Park
Toronto ON M7A 1A2
Téléphone, 416-325-7400; télécopieur, 416-325-7430
Publié par l'Assemblée législative de l'Ontario

LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
PUBLIC ACCOUNTSCOMITÉ PERMANENT DES
COMPTES PUBLICS

Thursday 2 August 2012

Jeudi 2 août 2012

The committee met at 0901 in room 151, following a closed session.

SPECIAL REPORT, AUDITOR GENERAL:
ORNGE AIR AMBULANCE
AND RELATED SERVICES

ORNGE

The Chair (Mr. Norm Miller): I'd like to call this committee to order and invite our first presenter this morning, Julius Ueckermann, vice-president, logistics, from Ornge, to please come forward. Welcome to the committee.

Mr. Ueckermann, just to confirm that you've received the letter to do with a witness coming before the committee?

Mr. Julius Ueckermann: I have, sir.

The Chair (Mr. Norm Miller): Very well. I think our clerk is looking for—

The Clerk of the Committee (Mr. William Short): I got it.

The Chair (Mr. Norm Miller): —either the oath or affirmation.

The Clerk of the Committee (Mr. William Short): The Bible is in front of you there, Mr. Ueckermann.

Mr. Ueckermann, do you solemnly swear that the evidence you shall give to this committee touching the subject of the present inquiry shall be the truth, the whole truth and nothing but the truth, so help you God?

Mr. Julius Ueckermann: I do.

The Clerk of the Committee (Mr. William Short): Thank you.

The Chair (Mr. Norm Miller): Very well. You have time for an opening statement if you'd like to make one.

Mr. Julius Ueckermann: Thank you very much, Mr. Chairman. Committee members, good morning.

My name is Julius Ueckermann. I am currently the vice-president of logistics at Ornge, and I am responsible for the operations control centre, or OCC, formerly known as the Ornge communications centre.

The OCC is the nerve centre of Ontario's air ambulance and critical care land transport system. We determine the level of care required during transport events and then coordinate and launch the appropriate resources, whether it be an airplane, a helicopter or a land ambu-

lance. We also run the provincial transportation authorization centre, also known as PTAC, which authorizes every patient transport between any two medical facilities in the province, regardless of who is doing the transport. There is also a dedicated flight-following function, known as the aviation control centre, that performs dedicated flight following for all our dedicated air ambulances. The staff consists of communication officers, operation managers and transport medicine physicians, who triage for service and provide medical direction to Ornge paramedics in the field.

I would like to take this opportunity also to introduce myself and give you a bit of my background. I completed my B.Sc. honours degree in biochemistry in South Africa in 1986, after which I had to report for two years of compulsory military service. I was allocated to the medical corps, was trained as a combat medic, completed my officer's training and also qualified as a pilot in the South African Air Force flying club.

After the completion of my military service, I was offered a position at a medical pathology company, where I worked as a medical biochemist for a number of years. I eventually joined the pharmaceutical industry before I got involved with the medical insurance industry.

I joined a company called Medscheme, which was the largest medical administration company at the time, and I managed a variety of areas, including high-volume national call centres. I managed a number of Six Sigma projects and trained as a Six Sigma black belt and held the position of general manager.

In October 2005, I was approached by an international headhunting firm and was recruited to work for International SOS, one of the world's largest medical assistance and air ambulance companies, in the capacity of head of assistance, Southeast Asia. I was based in Jakarta, Indonesia, and managed a very busy alarm centre. The centre consisted of around 120 staff members, and this included a managed care component. This was a very challenging environment to provide emergency services in, based on the fact that the region consisted of 18,000 islands. We were heavily reliant on both fixed- and rotor-wing aircraft, and also did the occasional landing on the deck of large shipping vessels to evacuate sick or injured members.

In February 2009, an opportunity presented itself to move to London, UK, to manage the operations of two key accounts. These were the US military contract also

known as Tricare and the British Foreign and Commonwealth Office contract. I was transferred from Jakarta to London, and worked in the capacity of director of operations, health care management services, for northern Europe, the Middle East and Africa. In this capacity, I was responsible for the day-to-day operation of both alarm centres, and staff consisted of operation managers, nurses and air ambulance dispatchers, supported by a group of medical directors.

Our mission for Tricare was to provide air ambulance services to all US military personnel situated outside of the US, excluding active war zones. The alarm centre was audited every six months by a US military audit team, and protocols were strictly adhered to.

I also completed a full MBA program during this time. It was awarded cum laude, which is the highest honour, to me in 2011.

In the summer of 2010, I was approached by a head-hunting firm about an opportunity to work in Canada. I accepted the position with Ornge and arrived in Canada on December 22, 2010, and I started working with Ornge on January 3, 2011, in my capacity as vice-president, logistics.

Very soon after I started, I was asked to get involved with Ornge Global by setting up an international operations centre that could dispatch air ambulances anywhere in the world. I completed this request and managed to establish a functional operational centre, but never got the opportunity to launch it due to the closure of Ornge Global. Shortly after, I was offered the opportunity to assume full control of the operations control centre in January 2012, and I was delighted to take on this challenge.

I consider it a privilege to have the opportunity to be involved in the OCC, to share my knowledge and experience, and to improve service to the residents of Ontario. I am full of confidence in Ornge and its management team, and I believe that we are on the right track. My directive from Ron McKerlie is to build a truly world-class operations centre, and that is what I will do. Since January 2012, we have been making steady progress in addressing the issues identified in the Auditor General's report as well as working towards full compliance with the amended performance agreement.

Over the past few months, with the heightened public interest and scrutiny of Ornge, the dedicated staff in the OCC carry out their day-to-day work with professionalism, through exceptionally challenging circumstances.

I want to mention at this stage that the staff in the OCC should most definitely be considered front-line staff. They have a very, very difficult job to do and carry huge responsibilities on their shoulders. I want to acknowledge that group of people today that nobody ever sees, but without whom the Ornge air ambulance system cannot function.

To give you an indication of the volume of work being performed by our staff, I would like to highlight a few numbers from the past few months. The OCC authorized more than 90,000 medical transportation numbers and

handled more than 174,000 phone calls over the past three months. To clarify, the medical transportation numbers are transfer approvals between any two medical facilities in the province, regardless of who is doing the transportation and when. In the past three months only, the operations control centre coordinated and transported 4,709 patients. This is an indication of the workload being handled by the centre.

At this time, I would like to share with you some of the many initiatives and improvements under way in the OCC. In January 2012, we implemented the new launch policy, where aircraft are being launched immediately without delay. We have done an entire review of the OCC dispatch system and telephone system and have drawn up specifications for a replacement system in line with the Auditor General's recommendations. The RFP will go out in August. We have reviewed the staffing model and staffing numbers, and we're in the process of upstaffing the OCC. We are in the process of moving forward towards a complete specialized staffing model, but this will only be completed once the collective bargaining agreement negotiations are completed by the end of this year.

We are also in the process of reviewing and redesigning the entire training curriculum, and we'll be introducing certifications for every position in the OCC. We have introduced a quality program in the OCC, and we are busy expanding this to be much more comprehensive moving forward. We have also rearranged the OCC management team to ensure that people's strengths are being utilized in the right areas.

0910

We have incorporated the aviation control centre, or ACC, in the OCC and by doing so we have improved the flight awareness for the staff in the OCC.

We are in the process, also, of rolling out two decision optimization tools that will assist the OCC staff to make better decisions. One of these programs was developed for Ornge by the University of Toronto engineering department, and the other one was developed for Ornge by Cornell University and in line with recommendations from the Auditor General.

A visual call management system has been purchased and will be implemented in the next couple of weeks. We have changed the shift handover process to allow a better one-to-one transformation of knowledge during shift changes.

There are other changes and initiatives that I haven't mentioned, but I have to acknowledge that we still have room for improvement. However, the staff in the OCC are very keen to complete this journey and I'm looking forward to taking this road. Thank you very much.

The Chair (Mr. Norm Miller): Thank you for your opening statement. We'll move first to the opposition for questioning. Mr. Klees.

Mr. Frank Klees: Thank you, Chair. Good morning, Mr. Ueckermann.

Mr. Julius Ueckermann: Good morning, Mr. Klees.

Mr. Frank Klees: You have been, according to your CV, the vice-president, logistics, for Ornge since January 2011; is that correct?

Mr. Julius Ueckermann: Correct.

Mr. Frank Klees: When you were hired on, you were hired on to Ornge Global; is that right?

Mr. Julius Ueckermann: No, sir. I was actually hired on to Ornge Ontario.

Mr. Frank Klees: Ornge Ontario?

Mr. Julius Ueckermann: Yes.

Mr. Frank Klees: But your CV indicates that you were responsible for setting up all logistical and operational functions for Ornge Global International.

Mr. Julius Ueckermann: Correct.

Mr. Frank Klees: What was that all about?

Mr. Julius Ueckermann: I was originally hired and appointed into Ornge Ontario with the understanding that I will have oversight over the operations control centre, but also that I would, once Ornge Global is functional, build an international dispatch centre that will basically service the clients that they were going to line up for Ornge Global.

Mr. Frank Klees: I just want to clarify, because I need to get straight in my mind how this all works. So you were hired by Ornge Ontario.

Mr. Julius Ueckermann: Correct.

Mr. Frank Klees: And you were put in charge—overall responsibility for the Ornge operational control centre?

Mr. Julius Ueckermann: No, I was hired in that position but I never functioned in that position. When I started with the company, just after I managed to basically find my feet a couple of weeks later, Dr. Mazza approached me to spend all my time on Ornge Global and to start looking at setting up an international dispatch centre.

Mr. Frank Klees: So you were hired by Ornge Ontario to take over total control of the operation of the control centre of Ornge Ontario—

Mr. Julius Ueckermann: Yes.

Mr. Frank Klees: —but when you showed up, you were told that that's not what you were going to do.

Mr. Julius Ueckermann: Correct. Well, I was told I was going to get involved with Ornge Global, but not that that was going to be my only focus.

Mr. Frank Klees: Okay. I just want to get a sense of what you did do.

Mr. Julius Ueckermann: Sure.

Mr. Frank Klees: So you've got your desk. Your assignment from that point on was to do precisely what?

Mr. Julius Ueckermann: To basically set up an operations centre for Ornge Global.

Mr. Frank Klees: And what did you do?

Mr. Julius Ueckermann: I started by doing an evaluation of the current Ornge Ontario system to see if there's any of that that we could basically use in Ornge Global—

Mr. Frank Klees: And could you? Could you use any of that?

Mr. Julius Ueckermann: No, sir. I looked at the current dispatch system that was operating in Ornge Ontario, and it was most definitely very old and not advanced enough to use on an international level.

Mr. Frank Klees: That's the dispatch network that was being used by Ornge Ontario for the last number of years. Your conclusion, within a matter of—how long did it take you to make the assessment that this was an out-of-date, dysfunctional system?

Mr. Julius Ueckermann: A couple of weeks.

Mr. Frank Klees: A couple of weeks?

Mr. Julius Ueckermann: Yes, sir.

Mr. Frank Klees: What did you do then?

Mr. Julius Ueckermann: I started looking at what would be needed to set up something like this. I was actually quite shocked in terms of the lack of knowledge and understanding of the people who actually wanted to get this international business process going, because nobody had an idea in terms of what it involved.

Mr. Frank Klees: And who were these people? You very quickly drew the conclusion that these people were not very knowledgeable—unqualified, would you say?

Mr. Julius Ueckermann: Not experienced in international business, for sure.

Mr. Frank Klees: And who specifically were those people?

Mr. Julius Ueckermann: I guess that's everybody that was involved in Ornge Global at that point in time. Dr. Mazza had some idea in terms of how to operate because he was on board some international air ambulances. But in terms of the administration, nobody that was involved with Ornge Global knew anything—nobody. There was no expertise internationally.

Mr. Frank Klees: Are any of those people currently employed at Ornge Ontario?

Mr. Julius Ueckermann: No, sir. No.

Mr. Frank Klees: So no one who was working at Ornge Global is currently employed anymore with Ornge?

Mr. Julius Ueckermann: People who were full-time employed with Ornge Global?

Mr. Frank Klees: Full-time or part-time.

Mr. Julius Ueckermann: There were some of the Ornge Ontario people who were involved in it, so they would attend some meetings, but—

Mr. Frank Klees: Okay, fair enough. So then you drew that conclusion, you had in mind—you knew now what organization you were working with and how knowledgeable and experienced these people were. What was your next step?

Mr. Julius Ueckermann: I raised my concerns on numerous occasions that I think this whole thing is being approached backwards.

Mr. Frank Klees: Who did you do that with?

Mr. Julius Ueckermann: We had weekly operations meetings, and I particularly raised my concerns with the people who were doing the product development.

Mr. Frank Klees: Who was that?

Mr. Julius Ueckermann: At that point in time, when I started, there was a marketing manager. His name was Paul. I can't recall his surname. He was working with Kelly Long and they had a marketing team that was actually doing a product design.

I had a lot of international experience with this type of environment and I was convinced that that product was not sellable at all. I raised, on a weekly basis, the concern that, first of all, we don't have a product and we cannot proceed before a lot of other systems come in place.

Mr. Frank Klees: And that product—I'm sorry, I don't want to interrupt you, but I just want to focus in on some of the details.

Mr. Julius Ueckermann: Sure, sir. No problem.

Mr. Frank Klees: The product that they were working on, what was that product?

Mr. Julius Ueckermann: The product was a travel insurance product. It was supposed to be sold on the same principle or basis that you would sell a golf membership to very wealthy people. It was going to be priced exorbitantly expensive and it was going to give you unlimited access to private air ambulance jets anywhere in the world.

I looked at this product. First of all, I knew what the overage was going to be to run something like that and I tried to do calculations of how much of this product you would need to sell just to break even, and I thought to myself, it's impossible.

Mr. Frank Klees: Interesting. And obviously this was one aspect of the vision that everyone bought into; right?

Mr. Julius Ueckermann: Correct.

Mr. Frank Klees: It turned out to be a bit of a nightmare.

Mr. Julius Ueckermann: Absolutely.

Mr. Frank Klees: So you did that for a period of months; you were there. During this time when you were doing this work for Ornge Global, who was writing the cheque? Your cheque was coming from where?

Mr. Julius Ueckermann: Well, that's a good question, and that puzzled me. I was employed into Ornge Ontario. I remember the reason why I took that position, because I left a very stable, large international company and moved my family across the world to come and work in Canada for this company. It was sold to me that I would be working for Ornge Ontario. The only client is the government of Ontario, so it's a very secure company.

I remember at the interview I asked, "How do you capitalize all of these aircraft?" and they told me, "We raised a bond and it was sold within minutes with a massive credit rating." Based on that information, I said to my wife, "This is a very secure company to work for," and based on that, I moved.

However, at some point in time I got transferred into Ornge Global and I cannot recall that I ever received a notification of that. What I do recall is that at some point in time I was approached by HR and told, "We're going to transfer you into another division and you do not qualify for HOOPP anymore, which was the—

M^{me} France Gélinas: The pension fund.

Mr. Julius Ueckermann: Yes, the pension fund, because only people employed by Ornge Ontario can go on HOOPP.

I then went back a week ago, just to go and check, because that question was haunting me as well. I followed my pay stubs, and my pay stub indicated I was paid out of Ornge Ontario until the end of May of last year, then my pay stub started showing I'm being paid out of Ornge Global. However, when I received my—what's the tax form called? Something four—

M^{me} France Gélinas: T4.

Mr. Julius Ueckermann: That's it. When I received that at the end of the year, my whole salary was indicated as being paid out of Ornge Global, so I assume there must have been some adjustment on the books to allocate my whole salary into Ornge Global.

0920

Mr. Frank Klees: How much were you being paid?

Mr. Julius Ueckermann: My base salary was \$175,000; then I have pension benefits as well.

Mr. Frank Klees: And bonuses in addition?

Mr. Julius Ueckermann: I officially qualified for a bonus, which I never received.

Mr. Frank Klees: Which you never received?

Mr. Julius Ueckermann: Never.

Mr. Frank Klees: I'd like to just talk about your background a little bit. I see your CV. Would you say that you have direct experience in air ambulance services?

Mr. Julius Ueckermann: Yes, sir. Absolutely.

Mr. Frank Klees: I can see the repatriation part of your business, your past experience. Can you tell me in what context the experience that you have would be identical to the current air ambulance and immediate-response requirement? Typically, when you talk about the business that—I think you mentioned Tricare—

Mr. Julius Ueckermann: Correct.

Mr. Frank Klees: —which would be similar, for example, to our Blue Cross. That involves repatriation. The dispatch and the urgency is very different from that than getting a call to a trauma case, an auto accident or something. Just help me to understand and put into context your past employment experience to how that would focus here. What are the similarities with Ornge?

Mr. Julius Ueckermann: I think we can break it down into two components. The typical on-scene requests that we do in Ornge Ontario run at about 6% of our volumes. The large percentage of it would be the typical inter-facility transfer, which is very similar to your repatriation type of environment.

In Indonesia, when I managed the Southeast Asia region for air ambulance and repatriation services, a very large component of that was actually air ambulance services. We provided services to a lot of offshore well components. We had a lot of explorations in Borneo, in places like that. We serviced a lot of mining companies. That was the typical air ambulance service. We made use of contracted helicopters to respond in case of accidents

or injuries. We also had the odd call from ships coming through that dangerous and very difficult laneway. We had to dispatch quickly and get people off ships. So that's very similar to the on-scene call environment.

Obviously, my exposure in Tricare was of a tremendous amount of value. The protocols being used in the military environment and the audits that they apply are extremely strict, and I really use that as a benchmark that I want to get Ornge Ontario to, because they were really solid and really well-developed systems.

Mr. Frank Klees: Okay. The reason I'm asking these questions is because I have made the statement on a number of occasions that I am concerned about the unqualified people who are in some very responsible positions. I never referred, in that context, to our paramedics or the front-line pilots. I did, however, make very specific reference to the operations centre, the communications centre, the dispatch, which I think you'll probably agree is really the heart of the air ambulance system, from the standpoint that if you don't have it right there—you have pilots and paramedics depending on getting appropriate information and correct information so that they can be where they need to be at the appropriate time. Would you agree with that?

Mr. Julius Ueckermann: I absolutely agree with that, sir.

Mr. Frank Klees: I have a document here. I'm going to ask the clerk if he wouldn't mind passing you a copy. Members of the committee have this. You may have seen it; I don't know. It's a document that I tabled a couple of months ago, and it originally came to my attention—it was a confidential document prepared for cabinet that deals with investigations concerning the air ambulance program. I want to take just a few minutes and go through some of these incidents, because it highlights the importance of what you're doing and one of the reasons that we're here today.

Mr. Julius Ueckermann: Sure.

Mr. Frank Klees: I'd like to refer you to what is noted as page 11. We're going to go through a few of these incidents. On page 11, you'll see on the left-hand side an incident date. This was January 10, 2011. Under the description it indicates that, "It was reported the Ornge communications centre ... had assigned an air ambulance to rendezvous with a land ambulance for a code 4 patient...." Could you confirm for us what a code 4 patient is, please?

Mr. Julius Ueckermann: Code 4 is the highest-priority dispatch level.

Mr. Frank Klees: Subsequently, the communications centre "attempted to cancel air ambulance response for various reasons after the air ambulance had arrived on scene." The comments from the investigators are as follows:

First, "The lack of complete, concise and accurate documentation by" the communications officer "during this call for service was incomplete."

Two, the communications officer did not follow communications centre "policy to contact TP regarding the crew overtime situation before launching helicopter."

Three, the communications officer "did not provide accurate information to the TP regarding crew overtime circumstances."

Four, the communications staff "provided confusing and conflicting response information to the staff at Sudbury and North Bay CACCs."

The second item on this page: The incident is February 13, 2011, in Temagami. The description: "The Ornge communications centre ... did not notify North Bay CACC to arrange for land ambulance to transport a code 4 patient from the hospital in Kirkland Lake to a rendezvous location to meet with the Ornge critical care land ambulance ... which would be transporting the patient to Sudbury."

The next page: incident number three, February 25, 2011, Onaping Falls township. The description of the incident: "Sudbury CACC claimed that the Ornge communications centre ... delayed notification of an air ambulance for an on-scene response for a patient having difficulty breathing and a possible CVA." Under the comments from the investigator, it was "found that OCC staff did not address the concerns expressed by Sudbury CACC staff in a professional manner."

The next item on that page: an incident on February 20 in Capreol. The description of the incident: "Sudbury CACC claimed that there was a lengthy delay for" the communications centre "staff to answer the phone when the CACC was trying to request emergency air ambulance response."

The investigator's comments:

"(1) OCC staff did not answer the phone in a timely manner.

"(2) OCC staff did not address the concerns expressed by the caller in a professional manner.

"(3) OCC staff did not create a record of the call request."

On page 11, incident on March 31 in Arnprior—

Mr. Julius Ueckermann: Excuse me, sir, which page?

Mr. Frank Klees: Page 11. Oh, sorry; page 14. Incident number six.

Mr. Julius Ueckermann: Yes.

Mr. Frank Klees: The description: "Claim of a delay by Ornge communication centre ... staff to process a request for a modified on-scene air ambulance response."

The comments from the investigator:

"(1) It was found that an OCC staff member did not immediately enter the request for the modified on-scene to the computer-aided dispatch ... system, causing a delay in response.

"(2) It was also found that the OCC staff members on duty were not familiar with the location of the helipad locations in Arnprior."

Next item: March 31, county of Renfrew. The description of the incident: "Renfrew CACC claimed that the

OCC delayed processing a request for a modified on-scene air ambulance request.”

Next incident: June 12. On the next page, the description is as follows: “Communications centre assigned two rotary-wing air ambulances to an on-scene code 4 request when only one air ambulance was required.”

0930

The bottom of that page, incident number 10: June 20, Norfolk county. The incident: “Ornge advised the ministry a critical care paramedic (CCP) had refused to service a request for an on-scene rotary-wing response to a”—motor vehicle incident—“in Norfolk. The CCP advised staff at the OCC he did not have a partner and felt he was unable to perform appropriate patient care to his skill levels in a safe manner and by doing an on-scene call without a partner placed him in contravention of the Occupational Health and Safety Act...”

Page 17: July 23, Sturgeon Falls. The incident: “It was claimed that there was a more than seven-hour delay in the provision of emergency ambulance inter-facility transportation from the West Nipissing hospital to the hospital in Collingwood.”

Item number 3: “It was found that when resources became available, the OCC”—that’s the communications centre—“did not ask the sending facility to consider using a fixed-wing aircraft that was at the North Bay airport or the rotary-wing air ambulance that became available in Sudbury.”

The next page, item number 4, under that same incident: “It was also found that the”—communications centre—“staff did not keep CritiCall updated with flight planning.”

The next item under that same incident: “It was also found there were errors in communication between the OCC and North Bay CACC leading to both communication centres trying to control this request for emergency ambulance transport.”

Sir, I’ll stop there, but we know that there are at least another 20 incidents in this report alone that are of a very similar nature. We know what happens when information is passed on that is inaccurate, that is delayed.

We had testimony yesterday from a paramedic who spoke to the issue of the confusion at the communications centre, having people on the flight side and having people on the medical side trying to do each other’s jobs and neither knowing the language of the other. So when I’ve spoken in the past about unqualified people causing delays and putting patients at risk, that’s what we’ve been talking about.

Would you agree, sir, based on the evidence here that we’ve just discussed and based on your personal observations, that that is in fact an issue and certainly has been an issue at Ornge, that we have had unqualified people in key positions in our communications centre at Ornge?

Mr. Julius Ueckermann: Mr. Klees, I think I can answer you in this way: Yes, I think there was a problem in the way that the OCC was managed. I think the policies that were implemented and the workflows very much contributed to some of the issues that you’ve raised. Un-

fortunately, we know that we work in human systems, so you’re always going to get people making mistakes. Nobody can prevent that from happening. I think it’s our responsibility—and most definitely what I’m focusing on—to make sure that we put in systems and processes to minimize that.

Mr. Frank Klees: Sir, I—

Mr. Julius Ueckermann: I just want to go back to your question. Coming back to your point where there were unqualified people answering phones, that is based on a cross-training staffing model that was implemented in the OCC which was the very first thing that I changed and am in the process of changing.

If you want to talk about qualified staff, we have 34 medical-qualified people in the OCC, 27 flight-qualified people in the OCC, two of them who are double-qualified. But unfortunately, with the cross-training model, there were instances where flight people were answering medical calls and vice versa, which is completely unacceptable.

The Chair (Mr. Norm Miller): And Mr. Klees, you are out of time.

Mr. Frank Klees: Can I borrow just another five minutes?

The Chair (Mr. Norm Miller): You have two minutes total—

Mr. Frank Klees: In total?

The Chair (Mr. Norm Miller): That’s it.

Mr. Frank Klees: Well, sir, let me just say this, then: Clearly, our air ambulance service has had its challenges, to say the least.

Mr. Julius Ueckermann: I agree.

Mr. Frank Klees: And one of the reasons is the fact that the incident report that I’ve just shared with you touches people’s lives. There are families, there are individuals, who, today, are not the same. There are people who died, who may be alive today, if in fact this system would have been more efficient and in a position to respond more effectively.

You have a challenge, sir. I would just ask you this: The issue of qualified people, experienced people, people who are trained to do the job—this is not a telemarketing centre. This is not about selling widgets and you can say, “Well, we’ve sold a million widgets and we’ve only had a 5% failure rate.” I don’t think we can afford to fail one patient in the province of Ontario.

The only way that we can assure that is to ensure that people like yourself are ensuring that we have qualified people, properly trained, on the front lines doing the work that they’re being paid to do. People in this province have, I believe, the right to expect that when the phone rings at the communications centre at Ornge, there will be a response.

The Chair (Mr. Norm Miller): Mr. Ueckermann can respond, and then it will go to the NDP.

Mr. Julius Ueckermann: Mr. Klees, thank you for your comment. I thank you for that comment. I appreciate it and I agree with you. There is still a challenge

ahead for us. We have made huge progress to address these issues.

The individual cases that you mentioned in the report—I went through every single one of them and looked at what caused them, and every single one of them is being addressed. We will not stop before we have cut down issues, problems, complaints to the bare minimum. As I said, we would like to eliminate it 100%. It might not be possible, but it's my responsibility to put in systems, processes, procedures, training and qualified people to make sure that it's reduced to the bare minimum.

Mr. Frank Klees: Thank you.

Mr. Julius Ueckermann: Thank you.

The Chair (Mr. Norm Miller): Thank you. We'll move to the NDP. Ms. Gélinas.

M^{me} France Gélinas: Thank you. It has been a bit of a ride for you. It's not exactly the welcome mat we usually put out to people who decide to join us in Ontario, but I'm happy you chose to join us.

Mr. Julius Ueckermann: Thank you.

M^{me} France Gélinas: I would like to take you back to January 2011, when you started to work for Ornge. It was clear from what was presented to you that you were joining an agency of the government of Ontario. We call them transfer payment agencies. The government of Ontario was the sole client, was the payer. You were afforded things like HOOPP, which is the pension plan for the people who work for the health care system in Ontario etc.

Mr. Julius Ueckermann: Right.

M^{me} France Gélinas: During that time at Ornge—we'll call it before December—did you have any contact whatsoever with anybody from the government of Ontario, the Ministry of Health, the emergency health services branch, and how did those go and who did you talk to?

Mr. Julius Ueckermann: Before I joined Ornge?

M^{me} France Gélinas: No, from the time you joined Ornge in January 2011 till December 2011.

Mr. Julius Ueckermann: No, ma'am. I've never even heard their names mentioned in meetings. I had no contact with them whatsoever.

M^{me} France Gélinas: Have you had contacts with people from the Ministry of Health since?

Mr. Julius Ueckermann: Yes, I have.

M^{me} France Gélinas: Who was that and in what circumstances did that come?

Mr. Julius Ueckermann: I was part of the team that negotiated the new amended performance agreement. We also have now monthly meetings with the Ministry of Health and Long-Term Care to discuss progress. We're implementing a quality plan. I now have close ties with the emergency branch, where I would phone them when there are any issues that are of concern or issues that I want their assistance with. I'm working very closely with them at this point in time to make sure that we get this train back on track.

M^{me} France Gélinas: And could you share with us the names of the people who you are now in contact with at the ministry?

Mr. Julius Ueckermann: Dr. Tony Campeau is my main contact, and then Rob Nishman, some of the ministry investigators—I don't know all their names, unfortunately.

0940

M^{me} France Gélinas: That's okay.

Mr. Julius Ueckermann: Obviously, Patricia Li, and various other people who attended the meeting. There has just been a new appointment as well. I think it's Richard—I can't remember his surname. I apologize for that. I'm not good with surnames.

M^{me} France Gélinas: That's okay. I'm lousy with names also. I know exactly how it goes.

Do you find that this closer relationship to the ministry adds value to your work, helps improve quality?

Mr. Julius Ueckermann: Absolutely. I think when Ornge operated in isolation, we lost a lot of assistance that we could have had from the ministry. I most certainly get a lot of value out of it. Going back to the Auditor General's report, there were really good recommendations in terms of working with the ministry to assist us with linking into the national systems that have been used by the ambulance dispatchers. We can approach them to assist us with building better radio links to talk to our aircraft etc. At this point in time, we're getting really good assistance on that side.

M^{me} France Gélinas: Is it reasonable to think that, had this assistance from the ministry been available from the start, it would have been helpful back then too?

Mr. Julius Ueckermann: It's difficult to say. I wasn't operating in that environment at that point in time, so for me, it's very difficult to say, whether it was available or not available.

M^{me} France Gélinas: So you're hired and you come to Ontario to look after the OCC. No sooner are you here when you realize the OCC is not really performing as good as it could. I think you said that it was old and—I forgot the exact word that you used. But then you transferred over to set up the international part of Ornge. Who then looked after the OCC?

Mr. Julius Ueckermann: Well, I never took control of the OCC. The OCC had its own reporting structure. I came in and was never officially put in charge of the OCC.

M^{me} France Gélinas: But when you shared with us that you had an opportunity to look at what was going on and quickly made up your mind that it needed some modernizing, to say the least, who were the people in charge at the time?

Mr. Julius Ueckermann: The ultimate responsible person was the chief operating officer, who was Tom Lepine. Then there was the VP of operations that was overseeing the OCC as well as field operations. Then there was a director of operations as well.

M^{me} France Gélinas: Who were those people? Do you remember their names?

Mr. Julius Ueckermann: The director of operations was Les Cleverly, and the VP of operations was Steve Farquhar.

M^{me} France G  linas: Did you share with them what you've shared with us?

Mr. Julius Ueckermann: I did. Again, this is second-hand knowledge or second-hand information that I got, but I raised the issues of cross-training as a concern. I raised the issue that the systems, although they were functional—I think with the third-generation computer-aided dispatch systems available these days, there can be a lot of improvements made to the system.

The feedback that I got from them was very much that they had made a lot of those recommendations themselves, but they were not allowed to implement any one of those suggestions that they had made.

M^{me} France G  linas: So Mr. Farquhar kind of knew that the cross-training was not a good idea, knew that it needed new computers to be able to function better, but was not allowed to implement them?

Mr. Julius Ueckermann: Well, as I say, again, I can't speak for what they knew and what they decided to do. All I'm saying is in discussions that I had, they made it clear that there were a lot of issues that they actually wanted to change, but were not allowed to.

M^{me} France G  linas: Do you have an idea as to why they were not allowed to?

Mr. Julius Ueckermann: I cannot speculate on that.

M^{me} France G  linas: No?

Mr. Julius Ueckermann: No.

M^{me} France G  linas: They never raised the issue of money or anything like this?

Mr. Julius Ueckermann: No.

M^{me} France G  linas: No. And you wouldn't venture a guess?

Mr. Julius Ueckermann: If I have to venture a guess, I would say I think there was more focus on the Global side development.

Mr. Jagmeet Singh: Good morning. Thank you for being here.

Mr. Julius Ueckermann: Good morning. Thank you, sir.

Mr. Jagmeet Singh: It seems to be that there was a focus on the Global side, as opposed to working on providing the service here in Ontario. I know it's just a guess, but why do you have that feeling?

Mr. Julius Ueckermann: Well, I think there was a lot of hype in the company in terms of Global. The senior management team most definitely was excited and energized. I know Dr. Mazza was driving this very, very hard. From where I sat and looked at it, it was most definitely the part of the business that received all the attention at that point in time.

Mr. Jagmeet Singh: And because of that attention, the services in Ontario may have suffered.

Mr. Julius Ueckermann: Again, I can't say that.

Mr. Jagmeet Singh: Okay. There are a number of things that need to be changed, and you've addressed that. If you could just isolate with some greater speci-

ficity, what are the areas that you really want to see some improvement in, moving forward, that would be able to help you do your job better or help Ornge do its job better?

Mr. Julius Ueckermann: Are you talking about internally or externally?

Mr. Jagmeet Singh: Both. Start with internally, if you like.

Mr. Julius Ueckermann: Internally, I've been receiving a huge amount of support for everything that I've recommended thus far. One of the first things that I did was—obviously, that we want to move to a specialized staffing model. It's very important that we have people working in specialized positions.

Mr. Jagmeet Singh: Can you explain what you mean by "specialized positions" and "specialized staffing"?

Mr. Julius Ueckermann: In a call centre environment, you have two options in terms of how you strategize your staffing. You can do the cross-training model, which means you train everybody to be able to do everything. It's a very cost-efficient model because you can put anybody in any position. The problem with that is you will never get the quality. Or you can go to a specialized staffing model, which means you highly specialize and train certain people into specific positions. The downside to that is it's more expensive, so you require more staff. Those are the two models. I'm opting for the second model. I think, dealing in an emergency environment, you need the highest quality you can have.

Mr. Jagmeet Singh: What's the advantage of having that specialized? You said that it's more quality, but what gives it the greater quality?

Mr. Julius Ueckermann: As an example, you will only have a well-qualified medical person taking a phone call and talking to a physician or a hospital or a paramedic. They would understand the common language and obviously would be able to interpret the information correctly.

Likewise, if I have a qualified commercial pilot, a flight dispatcher or an air traffic controller on the flight dispatch side, these people understand aviation law, the challenges of weather, technical issues with aircraft and everything else associated, so they can talk to the pilots and make informed decisions.

So I've put forward my proposals to do that. It has been really well accepted, and I get full support for that.

I did a full evaluation of the current system that we're using at Ornge. It is my personal view that the system needs to be replaced and that the phone system can be enhanced. It has been approved by the board. The project executive committee signed off on it, and the RFP will be going out. We are looking at implementing a truly world-class dispatch system which can also assist the flight dispatchers and the medical call-takers in optimizing that decision. So we get a lot of electronic brains to help us in that instance.

One of the big things that I'm driving, obviously, is training. We are redesigning every single training manual, and we are implementing certification courses

for every position in the OCC, so nobody would be allowed to work in a specific position unless they have been certified into that position.

There are a lot of initiatives, and we are really putting a lot of effort and time into addressing every single issue that was raised in the Auditor General's report, as well as making sure that we comply with the performance agreement.

Mr. Jagmeet Singh: You mentioned some external issues as well. What were those?

Mr. Julius Ueckermann: Well, externally, it's really good co-operation from the government, which at this point in time they've been very forthcoming with. This is from the IT cluster, in terms of tapping into the government capabilities on the IT infrastructure, as well as assistance when we have issues that we need to sort out with the local dispatch centres or other areas that we need better co-operation with.

0950

Mr. Jagmeet Singh: Now I want to turn your mind to when you first began at Ornge, if you could talk about some of the key problems on the dispatch side. I know that you weren't on the dispatch side for very long because you were transferred to Ornge Global, but while you were in Ornge and you were working with the command centre and the dispatch services—can you talk about some of the problems that you noticed on that end?

Mr. Julius Ueckermann: I think my first big concern was the cross-training model, because I know at that point in time there was a lot of talk from the field that they were talking to people who were not understanding what they were saying in terms of the medical or flight side. That was a big concern of mine.

There was no quality system in place, so the quality of the phone calls and the information that was captured in the system wasn't monitored and quality-controlled. We've got a really well-functioning quality system now in place.

The system that we have in place is very functional, but it's limited in terms of getting information and statistics to really monitor how well people are performing and what our response times are. That is why I've put through a proposal to replace that system, as well.

We've incorporated the aviation control centre into the OCC, which is something that I was driving for, simply to improve the situational awareness in the OCC of our dedicated aircraft and where their movements were. That has really increased the situational awareness of the staff in the OCC to know where our aircraft are, at what time they're actually taking off and what time they're landing.

Some of the issues that Mr. Klees brought up—you know, people were late in getting ambulances to an aircraft—were simply because there was miscommunication in terms of when an aircraft would arrive at a specific destination. With the dedicated flight filing that we have now in place—we have an arrivals and departures board on the wall and everybody knows when an aircraft is departing and when it is arriving.

Mr. Jagmeet Singh: Thank you for that.

I want to turn your attention now to your experience when you worked in your UK contract, working with the US military.

Mr. Julius Ueckermann: Yes.

Mr. Jagmeet Singh: You indicated that there were very strict protocols in terms of audits by the military.

Mr. Julius Ueckermann: Yes, correct.

Mr. Jagmeet Singh: How would you compare the audit process that occurred under the US military and their strict protocol to the Ontario government in terms of their oversight or their auditing of the work that was done by Ornge?

Mr. Julius Ueckermann: I've not been through a full ministry audit. We're scheduled to have a service review audit on, I think, October 23 and 24.

I've received the audit documentation. It's very comprehensive. I think it's well designed. I think it's going to touch every single point that is important. It most definitely touches the issues raised in the Auditor General's report, as well as some amendments that were made on that audit—which are different from your central land ambulance dispatch centres, which specifically drive towards the performance agreement's KPIs as well. I think it's going to be very comprehensive.

Mr. Jagmeet Singh: Thank you. My colleague has some questions.

Mr. Julius Ueckermann: Sure.

M^{me} France Gélinas: I'm taking you a little bit in a different direction. On the aviation side of the dispatch, do they keep records of the flight that took place under their dispatch?

Mr. Julius Ueckermann: Absolutely. We've recently launched, and I can't tell you exactly when it came into place, but we've launched software called—it will come back to me; I apologize. We've launched a dedicated software system that does flight following. We have a dedicated flight follower that speaks to the pilot before he takes off. It records very specific information: number of hours of fuel on board, when it's going to take off, how long its flight is going to be, what its alternative airports will be if weather moves in, arrival times etc.

This information then gets into a software system, and we have on all our dedicated aircraft what we call weight-on-wheels devices. The moment that the aircraft takes off and the weight reduces on the wheels, it triggers a sensor which sends a satellite signal to the OCC so we can immediately see when the aircraft takes off and when it lands. Every record of that aircraft, obviously, is kept in a database.

M^{me} France Gélinas: So we have this now. Did we have this when you came?

Mr. Julius Ueckermann: No.

M^{me} France Gélinas: Okay.

Mr. Julius Ueckermann: But it wasn't my initiative. The aviation guys implemented that software system, which was superb, before I took over the OCC.

M^{me} France Gélinas: Okay. But if we were to look back through the years, would we be able to find which aircraft was launched through the dispatch centre?

Mr. Julius Ueckermann: We would. The current Optimas system is not very friendly in terms of its reporting capabilities but staff have been recording every flight that gets dispatched. Our aircraft have got designated identifiers which are linked to the base that they've been launched from, and where we've got more than one aircraft at one base, we use the base number plus primary or secondary aircraft. That is recorded on every dispatch in the system.

M^{me} France Gélinas: And this is a document that Ornge has kept over the years?

Mr. Julius Ueckermann: I believe that information is within the case files. I think it's going to be very difficult pushing a button and running a report on it probably, but it might be possible. I'm not the IT expert, so I cannot really say. But those documents are most definitely kept.

M^{me} France Gélinas: Mr. Clerk, I would like to get the flight logs for the flights from Ornge for the month of August 2007. If it is feasible through the system he's described, then, if Ornge could share that with the committee.

Mr. Julius Ueckermann: I'm not sure when the Optimas system was actually implemented. I think it was implemented about five years ago so it might be—I don't know. We'll have to see.

M^{me} France Gélinas: Just on the cost.

So December 2011 rolls around. You see your employers on the front page of all of the local newspapers and a whole bunch of people at Ornge Global lose their jobs. You are at Ornge Global but you're one of the ones who survived. How did the transfer get done? How did that transition back to your original employer get done and by whom?

Mr. Julius Ueckermann: It was very, very tough. It was a really traumatic time in my life and I think for the people around me as well. I think at the point in time when it was clear that Ornge Global was not going to survive—they were going to close—I was approached by the COO, Tom Lepine, at that point in time. He asked me whether I would be willing to move back to my old position, really, and take full control of the OCC.

I was delighted. That is an environment that I was hoping I would work in and that I'm very comfortable with; that is my area of expertise. I think it took me half a second to make that decision.

M^{me} France Gélinas: What happened to the director of operations and the VP of operations who were already operating the OCC?

Mr. Julius Ueckermann: The VP of operations' role split. He had a split role, looking after the OCC on the one side, but also the field operations, which included all the medics and all the base management. Basically the one section split out and the director of operations was made redundant.

M^{me} France Gélinas: So that person was let go?

Mr. Julius Ueckermann: Yes.

M^{me} France Gélinas: And the job of Mr. Farquhar got separated in two and you got the part that dealt with the OCC.

Mr. Julius Ueckermann: Correct.

M^{me} France Gélinas: I will save my time.

The Chair (Mr. Norm Miller): Very well, we'll move on to the government then. Mr. Moridi?

Mr. Reza Moridi: Thank you, Mr. Chair. Thank you, Mr. Ueckermann, for appearing before this committee. Would you please tell us a bit about your background and how long you have been working for Ornge?

Mr. Julius Ueckermann: I started with Ornge on January 3, 2011. I worked for Ornge for probably exactly 12 months, getting involved in the Global side mainly, and then transitioned over to the current Ornge Ontario system where I'm now managing the operations control centre as vice-president.

Mr. Reza Moridi: Could you tell us a bit about your professional background?

Mr. Julius Ueckermann: Yes. I originally studied as a biochemist. I worked in a pathology lab in the pharmaceutical industry. I'm a trained pilot myself. I did a full, comprehensive MBA while I was employed by my previous employer, as well.

I also did training as a Six Sigma black belt, which is an advanced business improvement qualification using advanced statistics. I've managed a number of business improvement projects during my lifetime as well. I had five or six years of air ambulance experience situated in Asia and in Europe dealing with various types of clients before I got approached to come and work at Ornge.

1000

Mr. Reza Moridi: What attracted you to Ornge?

Mr. Julius Ueckermann: If you take out all the noise around Ornge, it is a phenomenal company to work with. If you didn't have all these things happening around it, it would have been the most incredible company in the world to work for. It still is. I really believe we've made the turn, and I enjoy every second I'm working for this company. It has everything in there that excites me, everything that I feel comfortable with. It is high-pressure. It is a tremendous service to the residents of Ontario. It has a lot of energy, a lot of activity. It is most definitely not a job that you come in the morning into the office and move your papers around, thinking about what you're going to do today to keep yourself busy. It is a high-energy environment, and I really enjoy working in it.

Mr. Reza Moridi: Could you explain to us your position at Ornge now, currently?

Mr. Julius Ueckermann: Yes. I'm vice-president, logistics. I oversee the operations control centre in full, which incorporates the aviation control centre. I'm responsible for everything around the logistical movement of aircraft and land ambulances to move patients from point A to point B.

Mr. Reza Moridi: How many people are you responsible for?

Mr. Julius Ueckermann: Currently in the OCC, I think my total staff complement is around about 73 or 75.

Mr. Reza Moridi: Do you report directly to the CEO and president?

Mr. Julius Ueckermann: Yes, I do. I report directly to Mr. Ron McKerlie.

Mr. Reza Moridi: What's a typical day like for you at Ornge?

Mr. Julius Ueckermann: There is no such thing as a typical day at Ornge, unfortunately. What I usually do is, the first thing when I come in in the morning, I go into the operations control centre and spend 10 or 15 minutes with the operations manager, who has taken over a shift at 2 o'clock in the morning. They then give me an update of what has been happening over the last 12 hours during night shift. At that point in time, we'll address any issues that are of any concern for me.

I then go back to the office, look at some of my emails and then attend a number of meetings, usually during the day. Every single minute that I have spare I try to spend in the operations control centre; I want to make sure that I know what's happening on the floor. I think it's my business to be very hands-on.

Mr. Reza Moridi: Could you tell us a bit about, and give us an overview of, the communications centre at Ornge?

Mr. Julius Ueckermann: The centre is really basically functioning in two components at this point in time, and I'm hoping that I can move towards dividing it into four specialized sections going forward.

Currently, one section is what we call flight dispatch, with a flight-following component attached to it. The other component is what we call medical call-taking.

The medical call-taking is really split into two functions. The medical call-taking would be the people answering the phones coming in from the central ambulance systems or from the hospitals requesting patient transfers. They spend time with the people on the phone to determine the level of care required during the transport.

We have an algorithm in the Optimas system which is really working well. As you enter the clinical information of the patient, the system works out what the level-of-care requirement would be.

The level-of-care requirement then drives the level of care and the type of aircraft that will be used. That information is then passed across to the flight planners, who then look at the requirement and the location of the patient and then choose an aircraft. They would then phone the pilot and do a weather check, and once the pilot accepts because the weather is acceptable, the flight will dispatch. The flight planner will make sure that all other logistical processes around this ambulance are being put in place, like getting ambulances to wait for the aircraft when it arrives.

At the same time, the flight follower has a conversation with the pilot as well, enters the information in the flight-following software and then follows the flight while it's in progress.

The medical call-taking also has what we call the PTAC component. Every single transfer between any two health facilities in Ontario, whether it's been done by Ornge or by any other—even if you're going to push this

patient across the street on a stretcher, you have to get this authorization through Ornge, and we're responsible for that as well. This came in place when SARS broke out, to make sure that you don't transport infectious disease patients into facilities. We have a system called PTAC, the Provincial Transfer Authorization Centre, that also issues these medical transportation authorizations.

Mr. Reza Moridi: Thank you. In your opinion, how vital is the function of a communication centre for an organization like an air ambulance?

Mr. Julius Ueckermann: Sorry, I missed the first—

Mr. Reza Moridi: How vital is the role of a communication centre for an organization such as an air ambulance?

Mr. Julius Ueckermann: I'm sorry. I keep on missing the first part. What is that?

Mr. Reza Moridi: How vital is the role—

Mr. David Zimmer: Vital.

Mr. Reza Moridi: Vital.

Mr. Julius Ueckermann: Oh, vital.

Mr. Reza Moridi: How important is this, or how key is—

Mr. Julius Ueckermann: My accent and your accent don't—

Mr. Reza Moridi: Sorry, my accent.

Mr. Julius Ueckermann: No problem.

Mr. David Zimmer: Iranian accent.

Mr. Reza Moridi: Yes, an Iranian accent and a South African accent. They match very well.

Mr. Julius Ueckermann: They match very, very well.

Mr. Reza Moridi: Anyway, how important is the role of a communication centre for an organization such as an air ambulance service?

Mr. Julius Ueckermann: It is the most critical component as far as I'm concerned. This is the central point where everything that happens comes together: maintenance, aviation, weather, medical, physicians, paramedics, land ambulance systems. Everything gets together in the OCC, and that's why it's absolutely vital for me to make sure that I turn that place into a world-class centre. The opportunity is most definitely there.

Mr. Reza Moridi: I wonder: How do you manage the operation of these multiple bases in this province?

Mr. Julius Ueckermann: I think the operational processes and procedures are well defined. It's really around following the right protocols, and that's why training is so crucial for us. That's why specialization is absolutely key as well. It really helps if you have somebody in the operations control centre who absolutely knows the environment, the bases, the locations, hospitals, towns, cities and runways at the drop of a pin. I am still amazed how well those people do it. It's absolutely incredible the knowledge that they have.

Mr. Reza Moridi: Thank you. I understand that Ornge acts as a Provincial Transfer Authorization Centre.

Mr. Julius Ueckermann: PTAC, yes.

Mr. Reza Moridi: Could you tell us a bit about what this is?

Mr. Julius Ueckermann: The PTAC system has basically two ways that you can get this authorization number. If I want to move a patient from a frail-care home, or from one hospital to another hospital, from a nursing station to a hospital, I have to get authorization through the system. What the system really does is it records and logs any outbreak, in any facility around the province, of a potential infectious disease. The system was really developed in the days when SARS broke out. Every day, we will get the notifications from the province in terms of any reports of outbreaks that happened in certain facilities. That information is fed into the PTAC system, and when we get a patient with a clinical profile that matches an infectious disease, the system will flag it. Or if you give a request to move a patient into a facility or outside of a facility where there's a potential outbreak of an infectious disease, the system will flag it as well. So that's what the system does: It actually prevents people from sending infected patients in and out of facilities, so it stops the spread of disease, really.

About 70% of those authorizations are being done online. The hospital can log into a website and fill in all the clinical information. The system will do an electronic check. In about 30% of the cases, and in every transfer that Ornge does, especially the critical care ones, we actually speak to the people directly. We don't allow them to do that online.

Mr. Reza Moridi: In your professional view, Mr. Ueckermann, do you think that this is a right decision for Ornge to have this kind of authorization, or that this centre be a part of Ornge's mission? Does it fit within Ornge's mission to have responsibility for this centre?

Mr. Julius Ueckermann: I guess it's debatable. It is functioning really well within Ornge at this point in time, and I'm someone who believes that you don't go and break something that works.

We most certainly are very much involved in the more critical cases, and because of the speed of transfer that Ornge is involved in, I think it's most applicable to Ornge. We can very rapidly move people from one facility to another facility over long distances, so if you have an infectious disease outbreak that you put in an aircraft and fly across the province, you're going to be very rapidly spreading a disease. I think that's why we play a critical role to make sure we get that information first-hand.

1010

Mr. Reza Moridi: Thank you. We have heard from the front-line staff at Ornge that there was a policy called a delayed-launch policy.

Mr. Julius Ueckermann: Correct.

Mr. Reza Moridi: We have also learned, due to concerns mainly raised by the Auditor General, about the cost of failed launches. Ornge put in place a policy that aircraft were not to launch until responders at the scene had confirmed that there is a need for an air ambulance.

Mr. Julius Ueckermann: Correct.

Mr. Reza Moridi: Are you aware of this policy?

Mr. Julius Ueckermann: Yes, I am.

Mr. Reza Moridi: You are. Do you have any more details about why this policy was in place initially?

Mr. Julius Ueckermann: I wasn't involved when the policy was implemented but I most certainly, when I started with the communications centre in January, was very aware of the effects that it had and the noise around it.

I think the principle of the policy made sense. It's true: The Auditor General pointed out that we had and we still do have a large number of requests to launch an air ambulance, where the people actually get in the aircraft and get airborne and in some instances even fly to the location just to be told, "Okay, you're not needed any more," and you're cancelled, which means you have to turn that aircraft around and fly back to base. That's an extremely costly exercise and I think the intention of the policy was to stop that. The reality is, we probably only service one or two out of every 10 on-scene requests because most of the time we're cancelled before we get there. Sometimes we even cancel before we get off the ground, which is the way that we would prefer it.

I think the intention of that policy was to make sure that we get an absolutely definitive indication whether we're going to be needed or not before we actually launch the aircraft. I think the intention behind it makes perfect sense. I think the execution of it was a problem. The execution of it was heavily relying on the first responders on the scene notifying Ornge whether they should continue coming to the scene or not. Now, if they get busy attending to a patient and they forget to say to Ornge, "Yes, we still need you. You've got to continue," we would not launch, so the aircraft would just sit there waiting and that caused unacceptable delays. The real issue, I think, was the execution of this. It is still a problem and it's still something we need to solve.

Mr. Reza Moridi: The policy has changed, right?

Mr. Julius Ueckermann: The policy has changed. We've got an immediate-launch policy for on-scene calls.

Mr. Reza Moridi: Now this new policy in place, is there any issue in terms of putting that into operation?

Mr. Julius Ueckermann: No, I don't think there were any issues putting it into operation. It was basically changing the way that the OCC operated. It's very simple. You get a request in for an on-scene call. Immediately when you get the request in, you put the caller on hold and you immediately contact the flight planner to launch. They can then continue doing the discussion with the call-taker while the flight planner speaks to the pilot to get that aircraft in the air. It's really a rapid process at this point in time. There are no delays involved.

Mr. Reza Moridi: Would you think that the new policy has any impact in terms of operational issues?

Mr. Julius Ueckermann: I think we're just back to what the Auditor General reported in his report, and that is that we do get a lot of instances where we launch but are not being utilized. It is costly. Every time that a helicopter takes off and lands, it creates what you call a cycle on the engine. The more cycles you create, the more ex-

pensive the maintenance on those machines becomes. Obviously, these are just expensive machines to operate regardless. You typically want to also reserve that machine for really true emergencies. You just don't want to fly these around because it's a convenience to.

Mr. Reza Moridi: Thank you. Have you read, Mr. Ueckermann, the Auditor General's report?

Mr. Julius Ueckermann: I have.

Mr. Reza Moridi: What was your reaction to this report when you read it?

Mr. Julius Ueckermann: I think the issues were relevant and I very much used that as a guideline when I took control of the OCC to make sure that we addressed valid concerns in terms of the OCC. The Auditor General pointed out that the system capabilities are lacking, and I agree with that. He pointed out that there are issues with the launch policies; I agree with that. He pointed out the late-launch policy was a concern; we agreed with that. The Auditor General pointed out that the current system inaccurately monitors the launch times in the system and we've corrected that, although it's going to be a manual system. We don't have a system that can do that yet, but that's in the RFP going forward. We've taken a lot of notice from the Auditor General, and we're really working hard to make sure we fix those issues.

Mr. Reza Moridi: Were you a part of Ornge's response to the Auditor General's report?

Mr. Julius Ueckermann: Unfortunately not. That happened before I started with the OCC.

Mr. Reza Moridi: Since the minister has put in new measures at Ornge, have you seen any changes in the organization?

Mr. Julius Ueckermann: I think if I sat on the other side of the fence, on the Ornge Ontario side, I probably would have been in a position to really give a more accurate assessment. I can tell you what I've seen and what I've heard—comments from paramedics and staff in the OCC, and yesterday it was testified as well.

There's a huge change in the culture in the company. It's much more open; it's much more transparent. The senior managers are engaging the staff to find solutions. There's a strong drive and willingness to actually put the focus back on the patient and to improve the systems to the best that we can. We are going out of our way to re-establish relationships with the central ambulance systems, with hospitals, which unfortunately broke down over time.

Yes, absolutely. I've seen, in the six months that I've worked in that environment, a really strong drive and push forward.

Mr. Reza Moridi: Would you think that some of the points that the Auditor General has mentioned in his report have been addressed by Ornge?

Mr. Julius Ueckermann: I don't fully understand what you mean by that.

Mr. Reza Moridi: The Auditor General has mentioned a number of points.

Mr. Julius Ueckermann: Yes.

Mr. Reza Moridi: In your opinion, have some of those points been addressed by Ornge?

Mr. Julius Ueckermann: Can you explain what you mean by "adverse"?

Mr. David Zimmer: Addressed.

Mr. Julius Ueckermann: Addressed?

Mr. Reza Moridi: Addressed, yes.

Mr. Julius Ueckermann: Absolutely. I mean, I think every single point in the Auditor General's report that Ornge has the ability to address either has been addressed or is in the process of being addressed.

Mr. Reza Moridi: How about the work culture at Ornge? Have there been any improvements in the work culture at Ornge?

Mr. Julius Ueckermann: It is improving. It is not an overnight process. People in general are skeptical, and you cannot blame them for that. But people are willing to engage and share their information and views. A number of those people also agreed to testify in this committee.

I can tell you, certainly from the OCC perspective, that we've managed to establish an outstanding relationship with our local union and are really working very well together with our local union on the floor. Staff in general made the comment, "You know what? We're relaxed. We don't feel we are under threat every day," and that is a massive step forward in terms of the culture of the company.

Mr. Reza Moridi: Have you heard that we have signed a new performance agreement with Ornge?

Mr. Julius Ueckermann: Yes.

Mr. Reza Moridi: Also, there's proposed legislation. Are you aware of these two initiatives?

Mr. Julius Ueckermann: I was part of the team when we negotiated the amended performance agreement, yes, and I'm very aware of it.

Mr. Reza Moridi: Would you think that the new performance agreement with Ornge will improve the operation of Ornge and its performance?

Mr. Julius Ueckermann: I think the amended performance agreement will have two really positive outcomes. The one is that it defines the expectations from the ministry and of, obviously, the patients out there, which is really important. It has some very measurable, key performance indicators in place, which Ornge will make available publicly, which I think speaks to the transparency of where Ornge is moving into. Just everybody can benefit from that. I cannot see that having any negative impacts whatsoever.

Mr. Reza Moridi: Thank you. Mr. Ueckermann, the Auditor General noted in his report that the staff at Ornge's communications centre were not qualified to do their jobs properly, and many times information was not inputted properly. In your role, what steps have you taken to improve the communications centre?

Mr. Julius Ueckermann: I agree. That was most definitely a perception that I had, but I think it was more than people were working in positions that made them unqualified. We most certainly had the qualifications on

the floor; they were just being utilized in the wrong environment.

1020

Going back to earlier figures, we have 34 formally trained medical people in the OCC and 27 formally trained aviation experts in that centre, of which two are basically both medical- and aviation-trained. We still have a small component of staff who came across from the ministry's PTAC days who are neither medical- or flight-trained. We are taking the steps to make sure that those people don't work in key positions that are beyond their capabilities. So that's the first step that I've taken, to try to make sure that we don't put people in situations where they basically can't function.

The second thing that we've done is we have gone on a massive drive to retrain and re-skill everybody, regardless of their background and qualifications. We are re-writing all the training materials, and we're putting in place a certification course, where every position will have to be certified to work in that position. To back that up, we've implemented a really robust quality system, which has staff that will monitor phone calls from every staff member on a quality assessment and also control whether they're actually complying to policies, procedures and diligently entering the information into the system, as was pointed out by the Auditor General as well.

Mr. Reza Moridi: Will you be taking any further steps to improve the function of the communications centre?

Mr. Julius Ueckermann: Yes. I think going forward, we want to make sure we have the highest quality of staff in the OCC. We're currently expanding the number of staff available in the OCC. Unfortunately, we lost a number of people due to illness. We will only be appointing the best of the best that we can find, so the quality of staff who will come in there will be really well-qualified staff, and our training system has got to be really robust.

Mr. Reza Moridi: Mr. Ueckermann, as you know, in the past several months there have been lots of discussions and comments, answers, questions, in the Legislature, in this committee, and also very wide media coverage, which many times was negative. Understandably, that would have affected the morale of the staff at Ornge. So what would you think needs to be done, or have there been any steps taken by Ornge, to improve the morale of staff, particularly the front-line staff, at Ornge?

Mr. Julius Ueckermann: I agree. It was a really, really hard time for Ornge to deal with, and it was very demoralizing, and you can understand that.

Certainly, I've been going around visiting the front-line medics at some bases, and I have a lot of discussions with my own staff as well. I think the most important thing is, people want to be valued. They want to be acknowledged for what they're doing. They want to make sure that management hears them and addresses their concerns—which I believe was an issue in the past—and they want to be up-skilled. They want to be trained. They want to be empowered to do their job

properly, and I think we really are on our way to actually getting that established.

Again, it's not something that you can do overnight; it's a process—but that process is most definitely under way.

The Chair (Mr. Norm Miller): You're on your last minute.

Mr. Reza Moridi: I just want to thank you and also the front-line staff at Ornge. Thank you very much.

Mr. Julius Ueckermann: Thank you very much. I appreciate that.

The Chair (Mr. Norm Miller): There's just five minutes left for the NDP, so we'll move to the NDP.

M^{me} France Gélinas: I'm really impressed with the changes that you're bringing about, and I think they will improve quality, will improve morale. I see nothing but good things coming of it.

When you had conversations before with the VP of operations, with the director of operations and even with the COO, they had identified some of those problems. Had the ministry at the time started asking questions and started asking about some of those performance indicators, do you figure they would have been able to start those changes earlier?

Mr. Julius Ueckermann: I think I need to clarify. The concerns that I raised and the opinions that I had were my own, and they were based on my background and experience. It didn't mean that the chief operating officer was sharing my view. I think in his mind, he thought the model was the right one and that was the one that should stay. I never was in charge or had any management roles or capabilities or any muscle power to actually enforce anything like that, so whether they agreed with my assessments, that's a different story.

M^{me} France Gélinas: All right. Do you figure that Mr. Farquhar and the director of operations, had they wanted to update the training and to basically empower the staff to go back to—were they capable of doing this?

Mr. Julius Ueckermann: I can't say.

M^{me} France Gélinas: No?

Mr. Julius Ueckermann: I can't say. I can't venture a comment there, unfortunately.

M^{me} France Gélinas: We had a system before where the medical people answered medical questions and the aviation people dealt with the aviation world. Those people were in charge then. A decision was made to go to this cross-training model and then the change was made, which, I think, led to poorer quality rather than better. Would you agree?

Mr. Julius Ueckermann: That would be my assessment of the situation, yes. I am still of the opinion that in a critical environment you need the highest quality you can get. You can only get that through specialization. I understand the reasoning why the guys wanted to go for a cross-training model; it's most definitely a cost-efficient staffing model to operate and it gives you a lot of flexibility, especially if you want to schedule 24/7 shifts. So if you're short on the flight side, you could put someone from the medical side in there. That makes sense from a

financial perspective, but my understanding is, it's dangerous. Going back to the military model, we had a very strict code, and that was that medical people speak to medical people and operational people speak to operational people; you cannot get those mixed up.

Mr. Jagmeet Singh: Just to build on that, when you were initially a part of Ornge, did you have to provide monthly or weekly reports regarding your concerns or feedback from what was going on?

Mr. Julius Ueckermann: No, sir. I really had no right to do that because I had no oversight over any one of those. These were just casual conversations.

M^{me} France Gélinas: When you went to the Global side and started to develop what was going to be the international, you said that you were ready to launch but you never launched because it fell apart. What exactly was ready?

Mr. Julius Ueckermann: We had a full-blown operations centre ready. It was staffed; there were systems in place. We were ready to launch air ambulances. There were only three problems with it. The first one is, we had still no product, so nothing was sold. Number two is, we had no aircraft, so we had nothing that we could launch. Number three: We had no hospital network, so we had no agreements with any hospital to actually receive payment from us, even if it was going. That was in December. So, if you talk about bringing the cart in front of the horse, that was really it.

M^{me} France Gélinas: We had a dispatch centre that had nowhere to dispatch and nobody to dispatch to.

Mr. Julius Ueckermann: Yes, ma'am.

M^{me} France Gélinas: Thank you.

Mr. Jagmeet Singh: One of the comments that has come out a lot is that Ornge expanded too quickly; that the model expanded more quickly than it could keep up with. Is that something that you would agree with?

Mr. Julius Ueckermann: Yes, it was. Obviously, from my perspective it was absolutely rushed. It was not properly planned. The typical business process that you would follow—if you were business-trained or if you ever worked in business, you would know that the first thing you have to do is that you need to lock down your product. You go through a procedure, a business plan, a strategy. None of those documents was properly produced, and the ones that I saw were just—the quality was really poor. I think we were rushing into one environment just assuming that the other components were going to fall in place, and they never fell in place.

Mr. Jagmeet Singh: As an overall strategy, the concern is that Ornge wanted to expand its ability to fund itself, to have other sources of revenue, including charitable donations as well as being able to raise money privately to be able to assist the Ornge functioning. What we've seen is that, one, the expansion happened too quickly and it happened at the cost of the essential services, the primary services—the primary focus of Ornge—which was patient care. There seemed to be a shift towards expanding globally and expanding on the private side, and it took away some of the attention—the

much-needed attention—from the public side. Do you agree with that assessment?

1030

Mr. Julius Ueckermann: I think that would be the perception, yes.

Mr. Jagmeet Singh: And then when it came to the private side itself, that wasn't well thought out or fully thought out. It was a rushed plan, a rushed model, without any of the necessary steps being taken, as in a business plan, having a product developed and ready to be taken to the market. It was somewhat haphazard.

The Chair (Mr. Norm Miller): And you are—

Mr. Julius Ueckermann: That was my impression, yes.

The Chair (Mr. Norm Miller): You are out of time, but if you want to answer that question—

Mr. Julius Ueckermann: My answer was going to be, yes, that was my assessment of the situation.

The Chair (Mr. Norm Miller): Thank you very much for coming before the committee this morning. I think you've provided a lot of useful information, and it was very much appreciated.

Mr. Julius Ueckermann: Thank you, Mr. Chairman. Thank you, committee members.

The Chair (Mr. Norm Miller): I believe we have a motion. Ms. Sandals?

Mrs. Liz Sandals: Yes, this is a follow-up on the brief discussion we had earlier.

I move that the document requests made of the Ministry of Health and Long-Term Care and the Ministry of Finance on June 13, 2012, may be amended by the unanimous agreement of the subcommittee on committee business.

The Chair (Mr. Norm Miller): Any discussion?

M^{me} France Gélinas: May I be as bold as asking that we deal with this after the next witness?

The Chair (Mr. Norm Miller): It has been—
Interjection.

The Chair (Mr. Norm Miller): It has been moved. It's just the motion at this point, and it has been moved.

M^{me} France Gélinas: And it has been moved? Okay.

The Chair (Mr. Norm Miller): All in favour? Agreed? Okay.

CANADIAN HELICOPTERS GROUP INC.

The Chair (Mr. Norm Miller): Our next witness is Mr. Robert Blakely, vice-president of EMS operations, Canadian Helicopters. Welcome, Mr. Blakely.

Just to confirm that you've received the letter for a witness coming before the committee.

Mr. Robert Blakely: I have.

The Chair (Mr. Norm Miller): Very well. Thank you.

Our clerk will have you either do an oath or affirmation.

Mr. Robert Blakely: Affirmation.

The Clerk of the Committee (Mr. William Short): Mr. Blakely, do you solemnly affirm that the evidence

you shall give to this committee touching the subject of the present inquiry shall be the truth, the whole truth and nothing but the truth?

Mr. Robert Blakely: I do.

The Clerk of the Committee (Mr. William Short): Thank you.

The Chair (Mr. Norm Miller): Thank you. Feel free to make an opening statement and—

Mr. Robert Blakely: No, I have no opening statement.

The Chair (Mr. Norm Miller): Very well. Then it's time for the NDP again to start with their questions. Go ahead.

M^{me} France Gélinas: Good morning, Mr. Blakely, and thank you for coming to Queen's Park.

Mr. Robert Blakely: My pleasure.

M^{me} France Gélinas: I'll start with giving you a little bit of an opportunity to explain to us the role of Canadian Helicopters in medical transportation.

Mr. Robert Blakely: Well, I guess since 1977, we have provided the service to the province, up until 2009, through the Ministry of Health, and then from 2009 to 2012 with Ornge.

M^{me} France Gélinas: How did the level of service change? I'm most interested in the period that goes, let's say, from 2000 until now.

Mr. Robert Blakely: From 1999 until 2005, we not only provided the helicopters and the pilots and the aircraft maintenance engineers, but for that six-year period we provided the paramedics also. In 2006, Ornge took over the provision of the paramedics, and we went back to just providing the aviation services.

M^{me} France Gélinas: And now?

Mr. Robert Blakely: The contract ended with Ornge on April 1.

M^{me} France Gélinas: On April 1 this year?

Mr. Robert Blakely: That's correct.

M^{me} France Gélinas: What is your relationship with Ornge now?

Mr. Robert Blakely: We don't have a relationship with Ornge.

M^{me} France Gélinas: None whatsoever?

Mr. Robert Blakely: No.

M^{me} France Gélinas: What was the monetary value of the contract that you had with Ornge?

Mr. Robert Blakely: It was approximately \$34 million per year.

M^{me} France Gélinas: And that was for the helicopters, the pilots and the maintenance of the helicopters?

Mr. Robert Blakely: That's correct.

M^{me} France Gélinas: All right. How many bases were you operating before it got transferred?

Mr. Robert Blakely: We had seven bases and there were eight front-line helicopters.

M^{me} France Gélinas: In the steps that got to Ornge owning its own helicopters and hiring its own pilots, I understand that Ornge had issued an RFP where, although they would own the helicopter, they will ask for somebody else to provide all of the flying, the aviation

part of it—the pilots, the maintenance etc. Can you tell us a little bit about that?

Mr. Robert Blakely: Yes, that's correct. The model that was used for the contract that we won in a competitive bid process started in 2009. With the legacy aircraft, which are the older S-76s, and the new aircraft, the AW139s, Ornge owned the aircraft. We operated the helicopters on behalf of Ornge.

M^{me} France Gélinas: Did they ever offer for that to continue?

Mr. Robert Blakely: There is an extension clause in the existing contract with Ornge that would have enabled them to extend the contract for an additional two years, from April 1, 2012, until March 31, 2014, but they did not exercise that extension.

M^{me} France Gélinas: From 1999 to 2005, you owned the helicopters. The pilots, the paramedics and the maintenance people worked for Canadian Helicopters. Then in 2006, the paramedics go over to Ornge. Then in 2009, something else went over to Ornge, or it stayed the same from 2006 till 2012?

Mr. Robert Blakely: The contract that we were operating under ended in 2009, on March 31. In 2008, Ornge went through a competitive bid process, which we bid on, and we were successful, which commenced on April 1.

M^{me} France Gélinas: What was the difference between the contract that started on April 1, 2009, versus the contract that ended on March 31, 2009?

Mr. Robert Blakely: I don't follow. Say that again? Sorry.

M^{me} France Gélinas: I don't understand what happened on April 1, 2009. What was different on March 31 versus April 1?

Mr. Robert Blakely: On March 31, we owned the Sikorskys, the legacy aircraft. On April 1, Ornge owned the legacy aircraft. So they purchased the aircraft from us.

M^{me} France Gélinas: Okay. And then the rest of the contract?

Mr. Robert Blakely: We continued to operate them. We continued to operate the equipment that was owned by Ornge.

M^{me} France Gélinas: In the process, you agreed to sell the aircraft to Ornge. Ornge owned the aircraft. Everything else stayed the same. I take it the rate must have changed too.

Mr. Robert Blakely: That's correct, yes.

M^{me} France Gélinas: I understand there was another RFP going out after, since 2009, or no?

Mr. Robert Blakely: No, not that I'm familiar with.

M^{me} France Gélinas: Okay. So the RFP went out in 2008. You won the bid to continue to fly the aircraft you had been flying all along. It's just that you did not own them anymore.

Mr. Robert Blakely: Correct.

M^{me} France Gélinas: Now, I take it you still own helicopters?

Mr. Robert Blakely: Yes. Canadian Helicopters is the largest helicopter company in Canada. We're one of

the largest in the world, so we have, I think, in excess of 140 helicopters.

M^{me} France Gélinas: How many of them in Ontario?

Mr. Robert Blakely: None now.

M^{me} France Gélinas: None in Ontario?

Mr. Robert Blakely: No.

M^{me} France Gélinas: Aside from the contract for patient transport, Canadian Helicopters did not do any other work in Ontario?

Mr. Robert Blakely: We have over the years done work. We have had bases in Ontario. We've worked for other provincial agencies fighting forest fires, for instance. We ran a flight training school also. But today, we have no other bases in Ontario.

M^{me} France Gélinas: The flight training schools and everything else are also gone?

Mr. Robert Blakely: Yes, that's correct.

M^{me} France Gélinas: So you don't have a presence in Ontario anymore.

Mr. Robert Blakely: That's correct.

Mr. Jagmeet Singh: If you could just compare for me the difference, if there is a difference, between the service delivery, and then if you can comment, at least on the aviation side, pre-April 1, 2009, and after April 1, 2009—if there was a difference in Ornge purchasing the aircraft, if that created a different delivery mechanism in any way—or when the aircraft were owned, operated and maintained by Canadian Helicopters, or when Ornge took it over.

1040

Mr. Robert Blakely: That's a fairly complex question. Trying to put it simply, the biggest difference was part of the services agreement that we had with Ornge stated that when Ornge purchased the new helicopters, the AW139s, they would look after what we'll call logistical support. For the legacy aircraft, the older S-76s, Canadian Helicopters continued to provide the logistical support, which is the purchasing of parts, maintaining of inventory, that sort of thing. Ornge took over the logistics for the new aircraft. That would be about the only change.

Mr. Jagmeet Singh: So that's the contract shift, the logistics component. Besides that, there wasn't anything else that was substantially different.

You're familiar with the initial model of Ornge and the newer model of Ornge, in the sense that initially Ontario Air Ambulance was providing the medic side and they were outsourcing the aviation side?

Mr. Robert Blakely: Absolutely, yes.

Mr. Jagmeet Singh: So you're aware of that going on.

Mr. Robert Blakely: Yes.

Mr. Jagmeet Singh: Then the model shifted into integrating the aviation side into the newly formed Ornge. One of the differences between Ontario Air Ambulance and Ornge was Ornge wanted to then integrate the aircraft.

Mr. Robert Blakely: Yes. I think Ornge refers to that as internalization.

Mr. Jagmeet Singh: Internalization, exactly. Can you make any comments with respect to that overall difference—that first model of outsourcing the aviation side and having the medic side versus the internalization?

Mr. Robert Blakely: Well, I think my opinion is going to be viewed as biased, but we are absolute experts in operating helicopters. That's all we do. It's a very, very complex operation. Putting it simply, there's no learner's permit for this. It's very, very difficult to do. We're very good at it. The company I work for has been in business for 65 years, and we ran the ambulance helicopters in Ontario for 35 years. We knew what we were doing.

Mr. Jagmeet Singh: There have been a number of people who have actually said something similar to what you've said.

This will be difficult for you to do because it's going to be looking at it the other way, but could you think of any advantage to having the aviation side internalized?

Mr. Robert Blakely: No.

Mr. Jagmeet Singh: With respect to—one was the expertise. You had the experience and, like you said, there's no learner's permit. We're dealing with sophisticated machinery, and lives are at stake here, so of course there's no learner's permit.

What was the advantage, on a practical side? We understand that on a knowledge, experience and expertise side, there's obviously an advantage. What was the practical benefit, then, that translated from having the previous model, where it was outsourced? What was happening better or faster or more efficiently? What was practically better, if there was anything—or cost-wise?

Mr. Robert Blakely: I think you have to look at the dispatch reliability data, quite frankly. We've got very, very good records for the past 35 years, and I think we demonstrate an excellent, world-class dispatch reliability of over 98%. So I think it speaks for itself.

Mr. Jagmeet Singh: Do you have a question?

M^{me} France Gélinas: Yes. I'm sorry, I had to step out.

The dispatch was different before it was taken over by Ornge—is this what you meant?

Mr. Robert Blakely: No. I was asked, what is the advantage of outsourcing aviation? My answer was that I think that we have a proven track record of dispatch reliability.

M^{me} France Gélinas: Okay. I wanted to ask some of the same questions that I asked the previous witness.

Every time a Canadian Helicopter launched, for air ambulance at the time, for Ornge, I take it that you would keep information about this as to what time, who was the pilot, what kind of cargo was on board. Do you still have those records?

Mr. Robert Blakely: Absolutely.

M^{me} France Gélinas: You do? Would it be feasible for you to share with the committee the flights that you have done for Ornge during the month of August 2007? More particularly—

Mr. Robert Blakely: Do you have a date?

M^{me} France Gélinas: A specific date? No. I could probably narrow it down some, but I'm basically interested in finding out—I'm interested in flights to northern Ontario, so you can focus on this. Basically, do you know a little bit about the type of information that you would have?

Mr. Robert Blakely: Yes, we would—if you could tell me the date and the location, which would help us a lot—

M^{me} France Gélinas: I could help narrow it down.

Mr. Robert Blakely: Yes, I can tell you the aircraft registration. I don't believe I would have any patient information, but I can give you times and I can tell you who the crew were.

M^{me} France Gélinas: Okay. Did you ever move cargo as well as patients?

Mr. Robert Blakely: Cargo on behalf of the air ambulance program? Do you mean like organs?

M^{me} France Gélinas: Organs or oxygen.

Mr. Robert Blakely: No, I think the aircrafts are too valuable to be used to do something like that.

M^{me} France Gélinas: Okay, so this is not something that you did?

Mr. Robert Blakely: No.

M^{me} France Gélinas: All right. Did you want to keep—sorry.

Mr. Jagmeet Singh: Yes, no problem. When looking at Ornge right now, would you be able to provide an assessment of what needs to be fixed and what's going right?

Mr. Robert Blakely: Well, I think Mr. McKerlie and the new board at Ornge should be commended. It has been an enormous undertaking. It's a big ship; they've been trying to turn it around. I think they've been doing a great job. Again, I think that internalizing the helicopter operations specifically—I don't agree with that. I think that Ornge should look at contracting out the operation of the helicopters to the industry.

Mr. Jagmeet Singh: Okay. In terms of other areas of aviation, if we look at—if the model doesn't change and they remain with the internalized model, is there anything else that you can look at in terms of problems that existed or that continue to exist and potential remedies or fixes for them?

Mr. Robert Blakely: No. Everything I hear, it sounds positive. I mean, the paramedic understaffing has been an issue since 2006, so it's refreshing to see that there's now a focus on this—a public focus—and that it's getting fixed.

M^{me} France Gélinas: Continuing on what my colleague was saying, this idea of contracting out—you're not the first one who mentions it. We own those helicopters now—I mean we own them, as in the people of Ontario; Ornge owns them. When you talk about contracting out to the industry, one of the things that the auditor always looks at is getting value for money. The industry of helicopter flying in Ontario—aside from you guys, who is it?

Mr. Robert Blakely: Oh, you have to understand that we're a global industry. There is lots of competition. To put it in perspective, we bid on operating ambulance helicopters in British Columbia, and we currently operate ambulance helicopters in Nova Scotia. So you don't have to be an Ontario company to bid on this work. There's no advantage or disadvantage.

M^{me} France Gélinas: Okay, because in the 2008 competitive bid that went out, Ornge certainly did not get an uptake; they only got you, to tell you the truth. We're there to get value for money for the people of Ontario. History tells us that the market is very, very slim and narrow. You are the biggest one. I mean, you operated in Sudbury for a long time. I have nothing but good things to say about your company, the training, the service you delivered and everything else. But at the same time, to get value for money, when you are the only one—you are the biggest and you come here and say, "I think you should contract out." I hear, "I think you should contract out to me." I have no problem contracting out to you because you've done phenomenal work for us in the north. But at the same time, I have a responsibility to get value for money, so you'll have to be convincing to show me that we will get value for money if we go down this path.
1050

Mr. Robert Blakely: I don't want to say you've been lied to, but you may have been misled. We were told there were competitive bids in 2008. That was held over our heads with a big hammer in the negotiation for the contract: that there were alternatives.

We were told there was another bid, at least one other bid. In a competitive bid process, it only takes one other bid. And when you go into a competitive bid process, you never know if you're the only bid. I hope my competitors think like that, because you'll lose.

We always go at it aggressively. I believe there were other bids.

M^{me} France Gélinas: And you believe that if we were to go out right now, ask for people to come and fly our Agusta helicopters, there are people out there, there are—without sharing any secrets, who is there out there except for you guys who could come up with enough pilots and maintenance and everything else to do the work on those brand new helicopters?

Mr. Robert Blakely: There is a competitor that operates in British Columbia that is quite capable.

We have to remind ourselves that by the province owning the assets—if that's the correct terminology; "Ornge," "the province"—it fosters competition. It makes it easier to bid. You don't have to go out and purchase the assets. That was a clever idea, actually, taking on that model. But there are other competitors in Canada, absolutely.

M^{me} France Gélinas: And you can think of one in British Columbia?

Mr. Robert Blakely: Oh, there are probably at least three or four capable competitors in Canada. I'm sure they're watching right now, so I don't want to be an informal for them. There are other very capable competi-

tors, and we compete with each other on a regular basis. We were competing in the British Columbia ambulance service bid three years ago, and we went at that very aggressively, all of us. It's what we do.

M^{me} France Gélinas: So there is a market out there.

Mr. Robert Blakely: Yes.

M^{me} France Gélinas: The pilots, the maintenance—basically the contracts that were in place from 2009 to 2012, where Ornge owned the helicopters and somebody else flew and maintained them, would be what would go out on a competitive basis. You are doing testimony under oath that says that there are people out there, aside from you guys, who are able to do this and to put credible bids forward.

Mr. Robert Blakely: Absolutely.

The Chair (Mr. Norm Miller): Just to inform you, you're at 21 minutes.

M^{me} France Gélinas: I'll let it run.

The Chair (Mr. Norm Miller): Okay, so you want to move on?

M^{me} France Gélinas: Mm-hmm.

The Chair (Mr. Norm Miller): Very well. We'll move on to the government. Who would like to ask questions from the government? Mr. Zimmer.

Mr. David Zimmer: Thank you very much.

The Chair (Mr. Norm Miller): And if you don't mind moving the microphone a little bit.

Mr. David Zimmer: Yes. Okay, good.

So the new contractual arrangements, or the new models that ended up being adopted in 2009, where CHL provided all the services except the ownership of the helicopters, that was a sea change in the way the service was provided. I'm interested in your thoughts about that, moving from the old model to this newer model.

Mr. Robert Blakely: As I said, it's clever. What it does is it makes it easier for companies that may not have been able to afford the capital to buy the aircraft, to compete. It actually fosters competition.

Mr. David Zimmer: Competition can be a good thing; it can be a bad thing. But keeping in mind the testimony of the previous witness, where he said that, yes, there are various models and there are various efficiencies in the different models, but given the critical nature of the service that's being provided—that is, ambulance service, life-and-death sorts of stuff—that efficiencies really should be just down a notch from the real goal of delivering quality critical care service.

On those two models, the pre-2009 and the post-2009, which model do you say would provide the best service to the patient-user, leaving aside the business efficiencies and that sort of stuff?

Mr. Robert Blakely: You're asking me to take off my Canadian Helicopters hat and put on my "I live in Ontario" hat?

Mr. David Zimmer: Yes, your Ontario citizen hat. Think of yourself as a patient.

Mr. Robert Blakely: It's a better model.

Mr. David Zimmer: Which is the better model?

Mr. Robert Blakely: The province owning the assets is a better model.

Mr. David Zimmer: And how is that model better for the Ontario patient?

Mr. Robert Blakely: I'm assuming that we're talking about that model being delivered by the industry, not being internalized by Ornge. It fosters competition and that keeps us all honest and sharp and the patients benefit because we're driven—absolutely driven—all the time to maintain that high level of dispatch reliability. That's our mantra.

Mr. David Zimmer: But isn't there also a competing pressure—not to put it too crudely—to save money, to provide the service for less cost?

Mr. Robert Blakely: It's interesting that the model that we operated under with Ornge was a cost-flow-through model. We were paid a fee to do this and we were actually rewarded by operating the model at a reduced cost. We had an incentive to do that.

Mr. David Zimmer: What was the incentive? Explain what a cost-flow-through model is.

Mr. Robert Blakely: A cost flow-through is—for instance, we spend, let's say, \$5 million a year on pilot salaries. We pay the pilots, they're employed by us. We give Ornge a bill for \$5 million and they pay us. There's no markup allowed.

Mr. David Zimmer: I see.

Mr. Robert Blakely: We charge a fee to do that.

Mr. David Zimmer: At whose invitation are you here today? Who nominated you?

Mr. Robert Blakely: I think Mr. Klees.

Mr. David Zimmer: I gather that over the last months or maybe even a year or so, you've been in regular contact with Mr. Klees on these issues?

Mr. Robert Blakely: No, I haven't, actually. Before I appeared, I called your office, Liz, and France's office. I really didn't know what I was expected to bring. I struggled with—I have 35 years of data and information. I didn't want to back a truck up and I wasn't sure what you folks wanted from me. I've had minimal contact with Mr. Klees.

Mr. David Zimmer: Today, if you had your druthers, would you be happier with the pre-2009 model or the current model?

Mr. Robert Blakely: I think that I would be very happy if Ornge had exercised the extension clause in our contract and we were continuing to deliver the service until March 31, 2014, under the current model. I'll call it the current model.

Mr. David Zimmer: I couldn't help but notice that you were here earlier this morning and you sat through the testimony of Mr. Ueckermann, who's the VP of logistics at Ornge. I saw you paying close attention to his testimony. Just as an overview of the themes that he hit on and the approach that he took to the problems, the challenges and where they are now, would you agree or disagree or would you highlight or not highlight some of those things? Where would you place his evidence? What's your view of his evidence?

Mr. Robert Blakely: I think he's an amazingly bright guy and I think we should all be pleased that he has a role in the OCC. It sounds like he's making some really positive changes. I believe that Ornge should exist because they need to be dispatch, command and control. This is their role. Absolutely, the most important role is dispatch. 1100

Mr. David Zimmer: Bob Mackie is the—you probably know him—director of the air transport association.

Mr. Robert Blakely: Yes, I've met Bob a couple of times.

Mr. David Zimmer: He has been before the committee, and he gave some testimony. Essentially, what we heard from Mr. Mackie is that he was quite critical of Ornge's decision to purchase its own helicopters and aircraft. In fact, he went on to effectively accuse Dr. Mazza of conspiring "to eliminate the contracted carriers." Mr. Mackie recommended that Ornge get out of the business of delivering aircraft and helicopter services and return to contracting these out to such corporations as Thunder Airlines and CHL.

I realize that asking you your reaction sort of puts you in a bit of a conflict of interest, but what do you just have to say about Mackie's position?

Mr. Robert Blakely: Like I said earlier, we do one thing and we do it well, and that is operate helicopters. We've done it for 35 years in Ontario. We do it in Nova Scotia. It's going to sound like a sales pitch, but we would welcome the opportunity to continue to deliver the service in Ontario.

Mr. David Zimmer: This is a question that my colleague from the NDP touched on just at the end of her question.

Let me just read out a thought to you here: "There are some who say that when it comes to for-profit involvement in health care, there is always a cost. You may get competitively priced services, but something has to give in order to make the profit." As I said earlier, my colleague opposite has raised this issue when it comes to air ambulance and indeed long-term health care and other issues. So with that thought in mind, I have two questions.

Are you advocating that we take the current model, in which there is no profit, and take that to a private model where companies are competing to deliver the service and make a profit?

Mr. Robert Blakely: I think that, again, Ornge should exist. Ornge should be in a position of dispatch, command and control, and they should be the contracting agency. For those services where they have no expertise, they should contract out.

Mr. David Zimmer: What do you say to the idea that contracting out in the competitive bidding process—and I'm not necessarily agreeing or disagreeing; I'm just exploring the issue with you—some people say it tends to drive down the quality of the service that's provided because there are cost pressures. If you can get a highly qualified employee who would cost X dollars, but you could get a less qualified but nevertheless qualified em-

ployee for X-minus dollars, then of course you'd be driven to hire the X-minus dollars. You've got, admittedly, a qualified person, but you could get a more qualified person without the pressures of competitive bidding. I tie that back into Mr. Ueckermann's evidence that he thought, when he came there, that the focus was not on providing the best critical care; that the focus was on management and managing cost issues and that sort of stuff. I'd just like to hear your thoughts on that.

Mr. Robert Blakely: Of course, as I said, I'm biased. I think we do a very good job at a very good price, so we deliver good value.

I think that perhaps the committee should look at the data—and the data is there. Ornge has been doing the work with the helicopters since January. So we have seven months of data from Ornge. We've got dispatch reliability data, and we have cost data. The data exists for when we did the work under the contract with Ornge; it's pretty easy to do the comparative.

Mr. David Zimmer: In your model, how do you solve the problem of the pilot training for the new helicopters—that's a big issue—in a cost-effective way?

Mr. Robert Blakely: It's a third party delivering a service, so there's not a lot you can do. For the new helicopters, it's about \$100,000 to initially train each pilot, so what you have to do is manage the turnover. You only spend that once to train the pilot, then it's a minimal recurrent training after that every year, so what you want to do is minimize pilot turnover. You want to give the pilots an environment to work in that they're happy and they don't leave.

Mr. David Zimmer: That's a nice segue into my next couple of questions, having to do with Dr. Mazza's CEO management style and the culture that he created at Ornge. This morning, you would have heard, through Mr. Ueckermann—in fact, yesterday, we heard this recurring theme from front-line workers that now, absent Mazza and absent the old board, the culture or the environment seems to have changed and everybody's a whole lot happier.

I gather this business of retaining the pilots and so on is a part of that idea of the CEO, whoever he or she is, and the management team creating a culture where people want to stay there.

Did you work with Dr. Mazza? You've met Dr. Mazza?

Mr. Robert Blakely: Oh, I've—

Mr. David Zimmer: You've had dealings with him?

Mr. Robert Blakely: Yes.

Mr. David Zimmer: I've asked this question of just about every witness. What is your view of Dr. Mazza's management style and personality traits that you would expect or not expect in an effective CEO?

Mr. Robert Blakely: Dr. Mazza offered me a job in 2006, and I didn't have to think about it for one second. I just struggled with telling him no without offending my best customer. I've known Dr. Mazza since the mid-1990s and I've seen his style—a very, very, very difficult man to work for.

Mr. David Zimmer: What are some of the elements of that difficulty?

Mr. Robert Blakely: I think we've heard here in testimony: a volatile temper, absolutely volatile. We've heard people talk about his visionary—he's high-energy.

He's a brilliant man; there's no doubt. I think he has absolutely missed his calling. He should have been in sales, absolutely. He has sold all of us—not us, but he sold the province—on the concept that the system was broken, and it wasn't broken before.

As you've seen, he testified about dispatch reliability rates: 60% to 70%. That's why Ornge had to take over aviation. I submitted information to the committee that ours averaged 98%. I checked with Voyageur, the company that provided the fixed-wing dedicated service, and they were even higher; they were at 98.6%. That was misleading, putting it mildly, but everyone believed.

Mr. David Zimmer: I expect you've been following the evidence and testimony yesterday and in days before, particularly with the chairman of the board, Mr. Beltzner. There were issues that all members of this committee delved into about the chair of the board and board members' oversight and their relationship with Dr. Mazza. As you know, a model of board governance is that the chair and the board set the broad, strategic goals and the metrics of management performance and so on, and then hold the CEO accountable—oversight and all of that stuff. Have you got any view of how that was all playing out in the course of your dealings with Ornge? Who was running the show, or not running the show?

Mr. Robert Blakely: Oh, Dr. Mazza was definitely in the driver's seat, no doubt. It's interesting you say that, because I did watch what went on with Mr. Beltzner. I'm a vice-president with my company. I work for a publicly traded corporation. We have a board of directors. I made a brief presentation to our board four years ago, I believe, about what was happening at Ornge. The reaction from our board was, "How can this be going on? Where's the board governance? Where's the board oversight?"

1110

Mr. David Zimmer: Do you still have a copy of that presentation?

Mr. Robert Blakely: No, sorry.

Mr. David Zimmer: You can't blame me for trying to get it.

Minister Matthews, the Minister of Health, has made a number of quite forceful and indeed dramatic moves around replacing the CEO, the chair of the board, the board and all of those things. Do you think she's on the right track cleaning house, as it were?

Mr. Robert Blakely: I think it has been a difficult job. I think Dr. Mazza has sold a lot of people on things that weren't true. As someone who lives in Ontario, I'm pleased, yes. I'm happy with the changes, just not the internalization of the helicopter operation.

Mr. David Zimmer: All right. You've been very fair and objective in your views on that.

My last question that I just want to raise with you is that I'd be interested—and I think the committee would

be—in any suggestions that you might want to have this committee pass on to the minister about how to continue to improve or deal with these Ornge problems, where we are at today, and some ideas for making the system even better. What would be the three or four things at top of mind?

Mr. Robert Blakely: I think you know what I'm going to say.

Mr. David Zimmer: I know one of the things you're going to say.

Mr. Robert Blakely: The service agreement with Ornge, the extension clause: We're still within the time frame of the extension clause on the contract. We would honour that extension clause. If the board at Ornge, Mr. McKerlie, the minister or whoever said, "We gave it a good shot; please come back," we could do that in about three to four weeks. We could re-employ the staff, take over the aircraft and deliver a very, very high level of dispatch reliability. That would give the province—or Ornge—an opportunity to fix the other problems, to not have to worry about their helicopter operation and write an RFP and go back to market and go back to a competitive bid which validates everything.

Mr. David Zimmer: Any suggestions on management style? Any other suggestions apart from the helicopter piece?

Mr. Robert Blakely: No. I had the opportunity to meet Mr. McKerlie. It was fairly brief: about a 45-minute meeting. I can't think of anybody more opposite than Dr. Mazza.

Mr. David Zimmer: How do their personalities oppose each other and why is that good?

Mr. Robert Blakely: Ron McKerlie mostly listened in our meeting; that's not what happens in a meeting with Dr. Mazza.

Mr. David Zimmer: That leads me to two final questions. This general idea of improving the transparency of what's going on in the air ambulance service in Ontario—because one of the things that has led us to where we are is that there were all kinds of things going on that lots of people didn't know about and they should have been kept informed and stuff going on behind the scenes and off-the-grid decisions and no paper trails and strange salaries and payments and all of that. What else could we do to achieve this level of transparency so that Ontarians, broadly speaking—whatever they are, whether they're executives or end users—feel that we all know what's going on and that what's going on is fair and right?

Mr. Robert Blakely: It's a good question. I think we're headed in the right direction. It seems to me that there's a bit of a siege mentality at Ornge, understandably. They're afraid to allow information to get out to the public, and that should not be the case.

One of the issues is the aircraft-out-of-service report—we've heard a lot about that: AOSR. That's not public information. That is the dispatch reliability data. That should be out there; the public should be aware of that. There's no reason—

Mr. David Zimmer: Sort of like hospital wait times.

Mr. Robert Blakely: Yes, true, absolutely.

Mr. David Zimmer: I slipped; I missed something that I wanted to ask you. Under your model, when CHC came back and so on, who would be responsible for the maintenance of the helicopters?

Mr. Robert Blakely: Canadian Helicopters, absolutely.

Mr. David Zimmer: You would. Okay. All right, thank you very much. And my colleagues?

The Chair (Mr. Norm Miller): You're at 22 minutes. You can use all your time or you can—

Mrs. Liz Sandals: We can wait until the next round.

The Chair (Mr. Norm Miller): Okay, very good.

Mr. David Zimmer: How much do we have left? Twenty-two?

The Chair (Mr. Norm Miller): No, you have about seven minutes.

Mr. David Zimmer: About seven, okay. Thanks.

The Chair (Mr. Norm Miller): So we'll move to the opposition. Mr. Klees?

Mr. Frank Klees: Thank you, Mr. Blakely. I appreciate you bringing us some very constructive recommendations, and, yes, we have been in touch. The reason, Mr. Blakely, that I took the initiative to get in touch with you is because I thought it would be important for us as a committee to get some context in terms of what the circumstances were prior to Ornge and Chris Mazza's so-called vision and what it's like now. The bottom line is, how are patients being served? That really is the question.

The aircraft-out-of-service reports—you may be aware that I tabled and I spoke to that in the Legislature in one of my questions of the minister. At that time, based on the information that had come to my attention from that report, there were a significant number of hours that—in fact, I think it was, at that time, 1,819 hours of service interruption during a 150-day period. Are you aware of that incident, where I tabled that information?

Mr. Robert Blakely: Absolutely, and in preparation for appearing today, I went through our dispatch reliability to compare, to do a comparative.

Mr. Frank Klees: Would you please share with the committee what that comparison is? Because I think it's important for us to get a sense of that. A lot of the other issues that we're discussing are important, but at the end of the day, it's exactly that. When a call comes in from the dispatch centre and an aircraft is not available, that impacts everything that we're here to talk about. So if you wouldn't mind sharing that comparison, we would ask that you would table that information with the committee.

Mr. Robert Blakely: Again, back to your point, our motto has always been "You ring, we bring." All the patient cares about is showing up.

You said 150 days, 1,800 hours out of service. I'm going to assume that that was for the eight front-line helicopters, because that's the data that I have.

Mr. Frank Klees: Yes, it was.

Mr. Robert Blakely: I'm not sure whether it was just aviation reasons or it was no paramedics. If you annualize that—

Mr. Frank Klees: Just for clarification, if I might, it was both.

Mr. Robert Blakely: Okay.

Mr. Frank Klees: There was a combination of either pilots were not available or paramedics were not available.

Mr. Robert Blakely: We keep our data on an annualized basis. I took that 1,800 hours and 150 days, and that works out to 4,400 hours per year. It's actually 4,426 hours per year. Our average dispatch reliability rate would have given us an out-of-service time of a little over 1,900 hours per year. That's including paramedics, when we provided the paramedics. So it's more than double.

Mr. Frank Klees: Let me ask you this: Under that contractual arrangement that you had previously, what would be the consequences to Canadian Helicopters for being out of service for those 1,900 hours?

Mr. Robert Blakely: In the 150-day period? Well, I have to look at two different contract models. One was the contracts we used to have with the Ontario Ministry of Health, and the contract with Ornge. Which one do you want me to—

Mr. Frank Klees: Why don't you tell us about both?

Mr. Robert Blakely: Okay. In the contract with Ornge, we were eligible for a performance bonus. I explained earlier that we were paid a fee. It was a flow-through costing, but we were paid a fee. We were eligible, in that model, for a performance incentive fee of \$200,000 per quarter, so \$800,000 per year.

1120

Mr. Frank Klees: Which you would have been paid over and above your standard fee.

Mr. Robert Blakely: That's correct. It was to give us the incentive to maintain high service levels. What those hours would represent is, we would not get the fee. So there would be a significant financial impact to the company.

The other thing I have to say to that is that we never lose sight of the fact that it's more than just the dollars, because eventually, in a competitive bid environment, we're coming back, trying to get the work. And we're going to wear this record. So with that kind of service record, I can guarantee you we would not get another contract. That would weigh even more heavily with us as the operator.

The other thing we can't lose sight of is the patients. No offence meant, but I don't hear a lot of discussion about the actual patients. Any one hour of service interruption can result in a patient death, a negative patient outcome—even one hour of service interruption. So it's an incredible responsibility that we always carry with ourselves: that we have to do everything we can to make sure those aircraft are launch-capable.

Mr. Frank Klees: What was the model under the Ministry of Health scenario?

Mr. Robert Blakely: The Ministry of Health—there was no incentive, but there was a penalty, so there was still a financial impact. We would be very close to a default under a Ministry of Health contract. That would be a material default. I actually brought the last contract we had with the Ministry of Health. I can submit it to the committee to look at. There are certain default clauses in there, but I would see that the ministry could invoke the default clause, and then it's game over.

Mr. Frank Klees: So for every time that a helicopter was not available to launch, what was the specific penalty to Canadian Helicopters under that agreement?

Mr. Robert Blakely: The penalty, during the Ministry of Health contract, was approximately \$500 an hour. So on a 24-hour day, that's \$12,000.

Mr. Frank Klees: Of course, the number of hours or the number of times that a helicopter could not launch under the current model: There isn't a penalty to anyone other than the patient, at the end of the day, who didn't get a call, right?

Mr. Robert Blakely: Yes.

Mr. Frank Klees: I'd like to go back to your comment about your meeting with Mr. McKerlie. When did that meeting take place?

Mr. Robert Blakely: If you don't mind, can I just take a look at my notes here? I'm trying to remember a lot.

We met—when I say “we,” Don Wall is my boss; he's Canadian Helicopters' president and CEO—with Ron McKerlie on Monday, January 30, 2012.

Mr. Frank Klees: And who requested that meeting?

Mr. Robert Blakely: Ron McKerlie did.

Mr. Frank Klees: Can you tell us about the context and what was discussed in the course of that meeting?

Mr. Robert Blakely: Some background: In September 2010, Dr. Mazza informed us that Ornge would not be exercising the extension clause in our contract. We understood that; that's the client's prerogative. We weren't pleased, but so be it.

Then all of the media and the change happened at Ornge. The board left, Dr. Mazza left, Mr. McKerlie was appointed, and a new board. We thought perhaps there was hope that the contract would get extended, and we did read in the media that Ron McKerlie had expressed—I think he was quoted as saying that they were revisiting the internalization of the helicopter operation. So we were a bit hopeful, but the meeting was quite brief. It was less than an hour—about 45 minutes, so very difficult to pack 35 years of experience into a 45-minute meeting. That was the extent of it. He just listened—quite respectful; nice guy. That was on a Monday. On a Tuesday, my boss wrote Ron a letter explaining our position and on Wednesday a notice went up at the bases from Ron saying that they had decided to continue with the internalization process.

Mr. Frank Klees: The result of that was what? Obviously there was a transition that was taking place for the full internalization, which meant that staff that was previously employed by Canadian Helicopters—was

there an agreement that that staff would also come across when this transition took place? When they purchased the helicopters, was that all part and parcel of the arrangement?

Mr. Robert Blakely: No. When Ornge purchased the helicopters, it was upon the commencement of the contract: April 1, 2009. The announcement that Ornge would not extend our contract was September 2010. We immediately entered into discussions with Ornge regarding our workforce, our front-line workers. There are 120, approximately, front-line helicopter pilots and aircraft maintenance engineers. This workforce is unionized and we thought it would be best for all three parties—Canadian Helicopters, Ornge and the workforce—if Ornge recognized, I believe it's called, successor rights. So if you worked for Canadian Helicopters at the Sudbury base one day, the following day you still come to work; your paycheque comes from Ornge. You carry forward your seniority and everything. That's the agreement that was made.

Mr. Frank Klees: And that agreement was honoured? There were no issues there?

Mr. Robert Blakely: Correct. The front-line staff—that's correct.

Mr. Frank Klees: I'd like to deal with the practicality of what you're suggesting. The reason I want to pursue this is that we have had testimony here from a number of people. One of those was Tom Rothfels, who, in speaking to this issue of, “How do we go forward? How do we deal with this?”—his comment specifically was that in the time that he was at Ornge, he came to the conclusion that the core competency just simply is not there in the organization to manage the very complex industry of being the owner, the operator, having responsibility for maintenance, and that this is something that really should not be in-house. He made the suggestion that perhaps one of the models that should be looked at is—I think he said that FedEx works under that model, where FedEx owns the aircraft and then contracts out the operation, which I think is essentially what you're suggesting.

What would the logistics of that be? We've now internalized; we've got all of these employees who have made the transition. How disruptive would this be, or do you see this at a practical level as something that would be doable? You mentioned that Mazza was an excellent salesman. Could you give us a sales pitch here in terms of what the benefits would be and how logistically something like this could be accomplished?

Mr. Robert Blakely: I'm not the sales guy for my company. I'm the behind-the-scenes guy who just makes it all work.

I think the data speaks for itself. All you have to do is look at our service record, our ability to deliver the service at probably the highest level in the world. The workforce would transition back. Getting down to the nitty-gritty, we would accept successor rights for them to come back. I have been in touch with the union representing the workforce, and they would not be disappointed to

come back to work for Canadian Helicopters. I think we heard testimony from Bruce Wade.

Mr. Frank Klees: Yes.

Mr. Robert Blakely: We would re-lease the aircraft, the documents—everything is in place. All that's required is signatures to do. We could probably do it in two weeks, but I don't think that would be smart. I think it should take around four weeks to do from start to finish, where we would then be responsible for the delivery of the helicopter service.

1130

Mr. Frank Klees: A number of helicopter pilots have left, which obviously leaves Ornge in a predicament, because you don't train up a pilot for an AW139 overnight. Do you have any idea how many of those pilots that were previously employed by you have gone international or somewhere else but they're no longer here and available to us?

Mr. Robert Blakely: Yes. Actually, we've been in discussions with the union because the union also represents our Nova Scotia crew, who of course have a different contract, to remain with us. A couple of weeks ago, we were in negotiations regarding the other contract, and one of the union representatives there was one of the Ontario pilots. We had an off-the-record discussion: "What if?" We call it the Hail Mary pass: "What if the decision came back?" I asked how many of those pilots who have left Ornge would come back. The union's position is: About 80% of the pilots would return.

Mr. Frank Klees: How many pilots does that translate into?

Mr. Robert Blakely: I'm not really sure. I think we'd have to ask Ornge that. I did listen to Jim Feeley's testimony. I think they're short quite a few pilots. It takes 78 to run the system. I think they're probably short, I would guess, seven or eight or nine. But you have to remember that one pilot is pretty important. Each pilot is very, very important. All the front-line staff are very important. But there's no surplus of pilots, so to lose one pilot is an enormous burden on the system which dramatically increases the risk of a service interruption. Also, from a financial perspective, Ornge is paying over \$100,000 on the new aircraft to train each of these pilots. It would be nice to recapture that money and get the people to come back. You don't have to initially train them. They've already got the licence.

Mr. Frank Klees: I'm assuming that a lot of those pilots who have left—when I say "we," through Ornge, the province of Ontario through the Ministry of Health has already paid for that training for those pilots and now they're off in another jurisdiction. As you say, there would be an opportunity to recover that.

I'd like to go to a point that Mr. Zimmer referred to earlier and again to Ms. Gélinas's point. We have a responsibility to ensure that there is value for money in whatever next steps are taken. There is this constant debate about, if you're contracting out to a for-profit company, that profit margin that's there perhaps should be better used internally, and I think one of the arguments

that probably Mr. Mazza made was partially that. I know that in his argument, at one point he stated, when he referred to that broken system, that approximately 70% of flight legs had no patients carried. That was one of the little bricks that he put into his argument. I'd like you to comment on that, just maybe to clarify that argument.

In addition to that, there's always the question of experience and competency and efficiency. As we've seen over the last number of years, we now have paid multi-millions of dollars, and because of a lack of competence and some very bad decision-making at the management level, whether it's the communications centre, where we've got people who were in the wrong place at the wrong time, that's causing frustration to the front-line paramedics and the pilots. What is competency worth and what is experience worth? The issue of whether it's for-profit or not-for-profit isn't nearly as important, I would suggest, as ensuring that we have an efficient service and one that actually meets the needs of the patients. I think that's the other part of the value-for-money equation.

I'd like you to comment on, first of all—because it needs to be cleared up—this 70% of flight legs having no patients. Then I'd like your comment on this issue of the for-profit and not-for-profit companies bidding on this, because right now—and I'd like to suggest to my colleagues that even if there's only one other bid, if Canadian Helicopters were to bid against Ornge on a transparent basis, it would be interesting for us to see what those numbers look like.

Mr. Robert Blakely: Oh, I would love to bid against Ornge. But back to your comment on 70% of flight legs: Again, as I said before, Dr. Mazza is a brilliant, brilliant salesman. He stated that 70% of the flight legs had no patient on board, and everyone was horrified. Here we go: "The system's broken." You have to look at how we fly. The helicopter is based in Sudbury. It goes to get a patient—no patient on board, first leg. It picks the patient up and flies the patient down to Sudbury hospital, so there's a leg with a patient carried. It goes back to base. So there are three legs, of which only one has a patient carried. At the very minimum, 67% of the flight legs have no patient carried. It's like saying that for our fire department here in Toronto, 50% of the calls that the trucks go on aren't to an emergency. Yes; they're going back to the fire hall. So that's a way Dr. Mazza brilliantly has taken a data point and used it to show the system is broken.

It actually gets better, because if we do a team transport for a neonate, it's four legs. We actually go to get the team at the hospital—no patient; take the team out to the sending hospital—no patient; come back to the receiving hospital with the patient; then back to base. There are four legs, of which only one of those legs has a patient on board, so 75%, but that's how the system works. There's nothing to fix.

Mr. Frank Klees: I assume it's no different now under the Ornge—

Mr. Robert Blakely: It can't be. Unless we're staging patients along the route, you can't do that.

Mr. Frank Klees: How much time do I have left, Chair?

The Chair (Mr. Norm Miller): You're at 22 minutes and 29.

Mr. Frank Klees: I'd like to just talk about this issue of the competitive environment, because we had a couple of people try to justify the internalization. They actually referred to the pre-Ornge structure as a monopoly; that, I guess in that case, it was you—that is, Canadian Helicopters—that had a monopoly. I found that somewhat strange because what essentially has happened now is that we have created a monopoly. There is no competitive bidding for anything. We now have two for-profit companies that still exist under the Mazza scheme. The one for-profit company owns all the aircraft. The other for-profit company employs all of the pilots and other staff. Those are the for-profit companies. There's no bidding anywhere that goes on. There's no bidding process, no comparison of cost efficiency, from anyone outside.

At the very least, it would seem to me that it would make sense that Mr. McKerlie and the current board consider very seriously this issue of transparency that Mr. Zimmer referred to previously, and that is, let's have an open, competitive bidding process. Let's see where Ornge comes in on that, and let's see who else comes to the table, and compare the bottom line. Is that something that would make sense?

You mentioned that there are a number of other companies. I think it would be helpful for us—I don't want you to give a commercial to your competitors, but could you give us the names of some of these other companies that are within our jurisdiction and, in your opinion, may or may not want to come forward to bid?

Mr. Robert Blakely: Oh, absolutely. The operator in British Columbia, who, as I said, we bid against recently—two years ago—is HeliJet. Another very capable company would be Cougar Helicopters.

1140

Mrs. Liz Sandals: And where are they?

Mr. Robert Blakely: Well, again, as helicopter companies—we, as Canadian, operate in New Zealand, Australia, Afghanistan. So to say Cougar's base has a head office in Halifax, I don't think that's—we're nationwide, all of us.

Mr. Frank Klees: So the same thing would be true if it was one of these other companies who wins the bid. The pilots who are currently there would transition and simply work for the other company.

Mr. Robert Blakely: Those who choose to go—

Mr. Frank Klees: Those who choose to go?

Mr. Robert Blakely: —to work for the company. That's correct. And the aircraft maintenance engineers.

Mr. Frank Klees: Thank you. Chair.

The Chair (Mr. Norm Miller): Very well. We'll move on to the NDP, then. Ms. Gélinas?

M^{me} France Gélinas: I want to take you back to when Canadian Helicopters still had the contract and the new delayed-launch policy was implemented. I'm guessing that must have been a busy water cooler discussion at the

time, if not higher up. What are some of the processes you had in place to voice your opinion of that?

Mr. Robert Blakely: We—"we" meaning Canadian Helicopters—have been bound by a very, very strict confidentiality agreement with Ornge. As we've probably heard evidence from previous witnesses, Ornge was very quick to what I'll call "lawyer-up." We were put on notice that we were to speak to no one about any of the goings-on at Ornge. We abided by that restriction.

You've heard other witnesses say that complaints fell on deaf ears. No one in Ornge was listening and it was very, very, very disturbing for the front-line crews, this policy.

M^{me} France Gélinas: So in order to secure a \$34-million contract with Ornge, you had to sign a confidentiality agreement that meant: "It doesn't matter what you find out about us, you cannot talk to anyone"?

Mr. Robert Blakely: I'll give you an example of what happened. The AW139 stretcher configuration: We knew about it from day one, that it was a problem. In Sudbury, it was the first aircraft introduced. We couldn't say anything to anyone. I was contacted by the Ministry of Health investigations branch—I have some notes here I can produce later—and I actually contacted our corporate lawyer and said, "Can I speak to them? This is the Ministry of Health investigations branch." Her words to me were, after reading the confidentiality agreement, "Wait until you're compelled." In other words, make them force you to come. I felt terrible about that. So in spite of our lawyer's recommendation to wait until I was compelled, I went and met with the investigations branch. I was shocked to know at that time that they had no idea about this stretcher issue at all. But that's another issue.

It's a very, very strict confidentiality agreement. I know it's waived for speaking here, but actually, I believe it survives, so we're still bound by it.

M^{me} France Gélinas: Some of the pilots who blew the whistle on Ornge knew that they were putting their job and your contract in jeopardy when they came and talked to us?

Mr. Robert Blakely: Yes.

M^{me} France Gélinas: So everybody within Canadian Helicopters—I never had any maintenance come to me, but I've had pilots. Anybody within Canadian Helicopters knew that they were not to talk about anything at Ornge?

Mr. Robert Blakely: The policy within Canadian Helicopters is, if you have a complaint, come to me. And complaints did come to me.

M^{me} France Gélinas: And the complaints did come to you. What kind of complaints did you get, first of all, with the delayed-launch policy?

Mr. Robert Blakely: Well, if we could talk about that a little bit, one of the questions I was asked by the Ministry of Health investigators was—they had been provided with data by Ornge showing that approximately 4,000 flights per year were cancelled after takeoff, which is a serious problem because the aircraft—not only is it tied up, but there's a cost associated with that. They asked me

my thoughts on that, and I thought, “Wait a second; these are only scene calls that we’re talking about, not inter-hospital transfers. We only do 5,000 flights a year.”

M^{me} France Gélinas: Yes.

Mr. Robert Blakely: That number is impossible. So I went through our own database and it wasn’t even close. The number of calls that were scene calls that were cancelled after takeoff was 200 or 300, not 4,000. Again, it was this whole sales pitch to everyone that the system’s broken, and it wasn’t true.

M^{me} France Gélinas: How often did the ministry come to you to ask you information as to how things were doing?

Mr. Robert Blakely: Never. Other than when I was first approached by the ministry regarding their investigation into the inability to do CPR in the AW139, not at all.

M^{me} France Gélinas: And that would have been in the fall of 2011?

Mr. Robert Blakely: I’d have to check my notes but it—yes. Yes, it was.

M^{me} France Gélinas: The new helicopter came to Sudbury—I’m going by memory, but I remember. It was a big deal. We were getting a new helicopter. I think it came to us in 2009.

Mr. Robert Blakely: No, the helicopter showed up in December 2010.

M^{me} France Gélinas: It was 2010; you’re right.

Mr. Robert Blakely: Here it is. November 12, 2010—and I can submit these notes, if you’d like—is when it first showed up in Sudbury. Immediately, I got calls from our front-line crew saying, “There’s a problem with this. I don’t think the paramedics can do CPR.” No, I don’t “think”; the paramedics cannot perform CPR.

The Chair (Mr. Norm Miller): You have two minutes.

M^{me} France Gélinas: All right. So here you have that information since November 2010. Nobody ever came to ask you what you knew and you did not have an opportunity to share that without losing a \$34-million contract and dealing with the raft of lawyers that Ornge liked to deal with.

Mr. Robert Blakely: We viewed Ornge as a representative of the province. Yes, if you characterize it like that, it makes it sound like we were cowards. But we entered into our contract with Ornge in good faith and we respected the contract. We felt that they were informing the Ministry of Health—I thought they were. I was shocked when the Ministry of Health investigators called me and they had just learned of this problem. I thought Ornge had advised them right away. So I had no idea.

M^{me} France Gélinas: So it was an 11-month delay between when you first got a, “Heads up; we have a problem,” to the time when the ministry called you and said, “We think we have an issue.”

Mr. Robert Blakely: Yes. It was October 24, 2011. You’re right; it was 11 months later that the Ministry of Health contacted me.

M^{me} France Gélinas: It’s a bit of a delay. If we were to go back to having private providers do the flying of the

aircraft, how would you correct for that communication piece?

Mr. Robert Blakely: I don’t know. I don’t think that’s my realm of authority. I can say that when we were under contract directly with the Ministry of Health, there was an ongoing dialogue. The emergency health services branch had a manager in charge of all air ambulance operations in the province. I probably spoke to that manager daily. We had a very, very good relationship, and they were very proactive with monitoring us; absolutely.

The Chair (Mr. Norm Miller): Thank you. We’ll move on to the government. Mr. Zimmer.

Mr. David Zimmer: I was taken by your expression. When you described Ornge, you used the expression that they were “all lawyered up.” I practised law for a long time myself. I know exactly what the expression means, but it struck a chord because one of the themes in the chamber during question period and one of the themes at these hearings now that have gone on for quite a long time is that the ministry, the minister and the government all had great, great trouble getting information out of Ornge.

1150

My colleague opposite for the NDP has, on several occasions, mentioned the great number of freedom-of-information requests that their party had sent—I think it was in the order of 50; anyway, it was a substantial number—and couldn’t get information from the ministry and the ministry was trying to get information from Ornge. There was this underlying theme that Ornge’s lawyers were giving the instructions, “You don’t have to say this. You don’t have to disclose that. You don’t have to do this.” In fact, in an answer to the minister and the minister’s request for information about salary disclosures and information about salary disclosures from the subsidiaries of Ornge’s not-for-profit—the for-profit subsidiaries—the great response was that they don’t have to disclose any of that. Then we find out that Ornge’s lawyers, Fasken’s, ran up 22,000 hours of work, pushing close to \$9 million in fees.

What’s your reaction to why a company like Ornge would, as you say, want to get all lawyered up, and what impediments does that create in the company?

Mr. Robert Blakely: I didn’t mean it as an offensive comment to a lawyer—

Mr. David Zimmer: No, no, no; I understand.

Mr. Robert Blakely: I’ll give you an example—

Mr. David Zimmer: On transparency issues, when a company gets all lawyered up, it doesn’t want to be transparent.

Mr. Robert Blakely: It says it all, I think. I’ll give you an example: When we finalized the negotiations on the services agreement with Ornge, there was some fine-tuning to do in the language. This is normal; we go through that; it’s a fairly lengthy document. On our side, there was my boss, Don Wall, myself, and we use McCarthy’s. We have one lawyer. On the Ornge side, there was an in-house lawyer with Ornge and 11 outside counsel. We would just shake our heads—11.

Mr. David Zimmer: Anyway, with all that high-priced help, you can appreciate the difficulty that the government, the ministry, the minister and others had in getting responsive information from Ornge.

I understand that a number of former CHL staff are now at Ornge: Bob Raymond, Andrew Eaton, Barry Hesketh. They're CHL managers. I understand there are former pilot managers at each of the bases and about 70 former CHL pilots, and a number of aircraft maintenance staff have moved over from CHL to Ornge. Is that the fact?

Mr. Robert Blakely: I can't comment. I would say, yes, that's correct. The majority of the 120 front-line workers elected to continue with their successor rights and take work with Ornge; that's correct.

Mr. David Zimmer: How did that affect the ongoing operations at CHL?

Mr. Robert Blakely: These were people who did nothing but operate the EMS helicopters at the bases. When the bases transferred to Ornge—transitioned from CHL to Ornge—the people went with the bases. So there is no negative impact. It was a sad day, but there was no negative impact.

Mr. David Zimmer: They carried on what they were doing at CHL but now carried on doing the same thing at Ornge?

Mr. Robert Blakely: That's correct.

Mr. David Zimmer: Do you keep in touch with any of those folks?

Mr. Robert Blakely: Oh, I do, yes.

Mr. David Zimmer: What was their take on things at Ornge up to the board and the CEO being replaced? What was their reaction to things under the new regime, the new CEO, the new board and so on?

Mr. Robert Blakely: I think generally, from the people I speak to—and I'm not a spokesperson on behalf of these 120 people—they're pleased with the changes. They're pleased to see Mr. McKelvie there. The new board, however, they're not pleased with.

Mr. David Zimmer: I'm sorry?

Mr. Robert Blakely: I said that they're pleased with all of that, but the majority of them would prefer to work for CHL.

Mr. David Zimmer: All right.

Mrs. Liz Sandals: How much time do we have?

The Chair (Mr. Norm Miller): You just have a minute.

Mrs. Liz Sandals: We have a minute. Just quickly, this whole business of out of service—I'm not a pilot. My understanding is that aircraft need to have routine maintenance frequently. The pilots in the room could have more intelligence. Is that correct?

Mr. Robert Blakely: That's correct.

Mrs. Liz Sandals: So the helicopters will be taken out of service for routine maintenance, whatever the required air transport schedule is. Does that count as out of service? Because I presume that if you take one out of service at Sudbury for routine maintenance, you dispatch from Timmins or something.

Mr. Robert Blakely: That's a very good question. In Ontario, we have eight front-line helicopters. In the Ministry of Health days—let me put it this way: Prior to the introduction of the new AW139s, we ran with a fleet. Up till 2010, we had eight front-line Sikorskys with three backup Sikorskys. If we had to ground the Sudbury base for maintenance, if Canadian Helicopters was unable to produce one of those three backup helicopters, we would be in penalty. It's not easy to do, because helicopters require a lot of maintenance. There's a lot of thought that has to go into the planning of the maintenance. Also, you face what we called "unscheduled maintenance." Something breaks and you didn't expect it to break.

Mrs. Liz Sandals: Exactly. Well, that was my next question.

Mr. Robert Blakely: Again, it's very, very difficult. It's not a sales pitch, but to maintain this dispatch reliability in excess of 98% is just unheard of in the industry.

Mrs. Liz Sandals: Thank you.

The Chair (Mr. Norm Miller): Thank you. We'll move to the opposition. Mr. Klees.

Mr. Frank Klees: Thank you. Just to follow up on that, the comparison of Canadian Helicopters' dispatch reliability—that rate was 98%. If we compare that to the experience of Ornge just over the last number of months, their rate would be, as I understand it, somewhere in the range of about 45%. I think that's where the concern is. It goes to the issue of experience and expertise in-house to be able to manage that.

Again, you were aware, for example, of that medical interior problem, which, in the incident reports that we've gone through, caused some significant problems. Is there anything else about the AW139 that we should know, that you have knowledge of, that perhaps Ornge doesn't have knowledge of?

Mr. Robert Blakely: There are two problems with the EMS conversion on that helicopter. One is the stretcher configuration, which everyone is aware of. The other is the weight. The EMS conversion—if we can look at the S-76s, the Sikorskys, it's about the same size in the back of the helicopter, give or take. Weight is absolutely critical, so you have to watch every pound you add to the aircraft to accommodate the EMS systems. In the Sikorsky—again, similar EMS size of aircraft—the EMS conversion is 500 pounds. In the new AW139s, it's over 1,000 pounds. In the world of helicopter pilots, that's profound. That means you can carry 500 pounds less fuel, which does impact the service.

The other big issue with that aircraft is the single-generator-failure issue. In the AW139s, with the current EMS configuration, if a single generator fails in flight, all of the medical systems shut down, including the oxygen. What would normally be an inconvenience for the pilots becomes a life-threatening situation for the patient. It's a ticking time bomb.

Mr. Frank Klees: Are you aware that Ornge is aware of this? Because I haven't heard anything coming from Ornge that this is under review or that they're in the process of resolving that issue.

Mr. Robert Blakely: Absolutely. In the meeting that I spoke about earlier, that Don Wall and I attended with Ron McKerlie in January, I briefed Mr. McKerlie on that.

Mr. Frank Klees: Had he been aware of this?

Mr. Robert Blakely: No, he was not. He told me he was not.

Mr. Frank Klees: Again, I think it goes to the point of having someone manage this who knows something about the industry.

I want to thank you for your presentation. I think it's very helpful to the committee. At the end of the day, the current leadership team at Ornge, the board and Mr. McKerlie, will have to make some decisions on a go-forward basis. I think you've provided us with an alternative, and it's very helpful. I want to thank you.

Mr. Robert Blakely: Thank you.

The Chair (Mr. Norm Miller): Thank you very much for taking the time to come before the committee today. It's appreciated.

We are recessed until 1 o'clock.

The committee recessed from 1200 to 1301.

The Chair (Mr. Norm Miller): Let's call this meeting to order. I believe we have a motion from the NDP to begin with. Ms. Gélinas.

M^{me} France Gélinas: Yes. Basically, I have circulated a document to you, but I will make a few changes, so it would go: Pursuant to the response to the NDP FOI request dated June 2, 2010—and you should all have gotten a copy of the response—I move that, notwithstanding sections 13, 19 and 21 of the act, the 19 records in the legal services branch and the 13 responsive records in the emergency health services branch be distributed to the committee by the end of this month.

The Chair (Mr. Norm Miller): Any discussion?

M^{me} France Gélinas: The reason I think it would be good is that we have a little bit of "she said, I say." I think that those records showed how much Dr. Mazza was being compensated. If it didn't, then it would clear the air that nobody had had access to what Mr. Mazza's compensation was and did not have that information until later on. I think it would be an opportunity to clear the air.

The Chair (Mr. Norm Miller): Very well. Any other discussion? All in favour? Opposed? Carried.

OFFICE OF THE INTEGRITY COMMISSIONER OF ONTARIO

The Chair (Mr. Norm Miller): Our first witness this afternoon is the Integrity Commissioner and Lobbyists Registrar, Lynn Morrison. I'd like to welcome Lynn, Ms. Morrison, to the committee. If your counsel could also state for the record her name?

Ms. Valerie Jepson: Yes, thank you. My name is Valerie Jepson. I'm counsel at the Office of the Integrity Commissioner.

The Chair (Mr. Norm Miller): Thank you, and for your counsel, I guess we have a witness oath or affirmation, whichever you prefer.

Ms. Valerie Jepson: Yes. I'm happy to swear on the Bible.

The Clerk of the Committee (Mr. William Short): An oath? Okay. Ms. Jepson, do you solemnly swear that the evidence you shall give to this committee touching the subject of the present inquiry shall be the truth, the whole truth and nothing but the truth, so help you God?

Ms. Valerie Jepson: I do.

The Clerk of the Committee (Mr. William Short): Thank you.

The Chair (Mr. Norm Miller): Very well. Welcome, and you can take some time if you'd like to make a brief opening statement and then we'll move to the parties for questioning.

Ms. Lynn Morrison: Thank you, Mr. Chair. I'd like to thank the members of the committee for the opportunity to appear before you today. I have been following the work of this committee and, in particular, those issues that link closely to the work of my office.

My remarks today will cover four areas:

(1) I will speak about my role as Lobbyists Registrar.
(2) I will address an advisory opinion regarding Mr. Alfred Apps.

(3) I will touch on the ethical rules for ministers' staff, as well as the disclosure-of-wrongdoing framework, otherwise known as whistle-blowing, that exists for public servants in Ontario; and

(4) I will offer suggestions of how the Lobbyists Registration Act could be amended to improve compliance.

As you have seen, I have with me today Valerie Jepson, counsel at the Office of the Integrity Commissioner. She's here to assist me in responding to specific questions about the work of my office and the legislation that forms our mandates.

I anticipate that committee members may have questions about these pieces of legislation, as well as whether certain individuals involved with Ornge were following the rules. I am happy to provide explanations to clarify the legislation and the rules. As Integrity Commissioner and Lobbyists Registrar, I will provide an opinion only when I have had an opportunity to review all the facts and preferably after hearing what the parties involved have to say. As such, my comments will be limited to the one advisory opinion I have issued with regard to lobbying on behalf of Ornge.

I will begin with my role as Lobbyists Registrar. My office has maintained the lobbyists' registry since 1999 under the mandate provided in the Lobbyists Registration Act. The act is based on the principles that lobbying is a legitimate activity and the public has a right to know who is lobbying whom about what. I have provided the committee with a document that summarizes the main components of the legislation as well as the definition of lobbying, and that can be found under tab 1.

As I said, lobbying is a legitimate activity. Lobbyists play an important role in government policy-making, and elected officials and public servants benefit from the information provided by various types of organizations

and entities. Under the legislation, an individual is required to register when they receive payment for lobbying. Lobbying is defined as communicating with a public office-holder in an attempt to influence government activities.

In addition, a consultant lobbyist must register if he or she arranges a meeting with a public office-holder or communicates in an attempt to influence the awarding of a contract on behalf of a client. Having a registration on the lobbyists' registry is not punitive. It promotes transparency and accountability in the interactions between the public sector and private interests.

My job is to receive and review all registrations, and ensure my office maintains a transparent database of information that is readily available to the public. I work hard to ensure that registrations clearly articulate the lobbying activity, and if they do, I approve the registrations myself for posting to the public registry. I also provide advice to lobbyists on my interpretation of the legislation. As Lobbyists Registrar, I have no investigative or enforcement powers. There are offence provisions in the act, including a fine of up to \$25,000, which can only be enforced by the police. This has never happened.

I would now like to address the materials I provided to the committee in April and which can be found at tabs 2 to 8 of the booklets I have provided. My letter to the clerk is at tab 2.

On January 13, I was asked by Fasken Martineau to provide an advisory opinion about a number of emails that Alfred Apps sent on behalf of Ornge in December 2010. You will find these at tab 3. I reviewed the materials and concluded that Mr. Apps was engaged in lobbying as a consultant lobbyist as defined by the act. The emails clearly showed him arranging a meeting between his client, Ornge, and public office-holders. I remind the committee that the act requires consultant lobbyists to register if they undertake to arrange a meeting between a public office-holder and any other person.

1310

On February 3, I provided an opinion to Martin Denyes, managing partner at Fasken's, and also sent a copy to Mr. Apps. These can be found at tabs 4 and 5. In doing this, I had to consider the issue of compliance. As Lobbyists Registrar, my work has been focused on educating lobbyists and the public. In the case of Mr. Apps, the events in question took place more than a year before they were brought to my attention. There is no mechanism to file a registration retroactively.

In light of this and my efforts to educate lobbyists, I concluded that I would be satisfied to receive a letter from both Mr. Apps and Fasken Martineau confirming that they understood my opinion. I received this confirmation from Fasken Martineau in late February. Fasken's response is at tab 7.

I received a letter from Mr. Apps on February 10 in which he confirmed his understanding and acceptance of the opinion and also asked me to revisit my opinion in consideration of additional information he provided. This is at tab 6. I reviewed this additional information, and my

original opinion was unchanged. I informed Mr. Apps of this, and you'll find that letter at tab 8.

To me, the intent of the legislation is that registration is required when an individual undertakes any activity that is defined as lobbying and does so on behalf of a client who is paying them. There is no benefit to accountability or transparency if registration can be avoided because a time docket was not submitted for a specific email.

Mr. Apps appeared before this committee on April 18, 2012, and stated that he did not lobby. As an officer of the Legislative Assembly, I felt that the committee should be made aware of my advisory opinion and to see the discrepancies between my point of view and that of Mr. Apps. In a letter to my staff on April 23, Mr. Apps further stated his case. In that letter, he stated that he would be providing this information to the committee as well. My opinion remains unchanged.

I would like to now turn to the Public Service of Ontario Act, and I will refer to it as the PSOA. This legislation provides the basis of the ethical conduct, conflict of interest and political activity rules for many types of public servants, including the staff of cabinet ministers. When one leaves their position in a minister's office, he or she cannot lobby their former ministry for 12 months. Other rules exist to protect confidential information and prohibit the seeking of preferential treatment. These rules encourage appropriate ethical behaviour without unfairly restricting future employment prospects.

I have noted that the committee has heard from witnesses who had previously tried to raise the alarm about inappropriate activities taking place at Ornge. There is another component to the PSOA which provides a disclosure-of-wrongdoing framework, establishing mechanisms and protections for public servants for disclosing wrongdoing in the public service. This framework has an internal component where public servants can raise issues with the deputy minister or the head of their agency or public body.

It also has an external component. Public servants can submit a disclosure to my office when they do not believe it is appropriate to disclose internally. In the case of Ornge, my office does not have jurisdiction to receive complaints from employees.

Based on my experience receiving complaints from employees in the Ontario public service, I strongly believe there are benefits to formal processes for addressing whistle-blowing complaints by public servants. This, along with strong protections from reprisal, is a key component of accountability within the public service. This should be considered in relation to the facts surrounding the Ornge matter.

Finally, I would like to speak to my call for a review of the Lobbyists Registration Act, which has not undergone a significant review since it came into force. While the registration system has generally worked well, it is time to modernize the legislation and make it more effective. I have been calling for a thoughtful review of the act, and in May this year I released recommendations

on how I believe the legislation can be improved. I have included a copy of my recommendations at tab 9.

I welcome the government's proposals to amend Ontario's legislation, and I look forward to an opportunity to participate in the discussion with all stakeholders.

I would like to emphasize that Ontario has a strong framework of accountability and ethical-conduct legislation. It is time to build on that framework to ensure that Ontario regains its place as a leader in the area of lobbyist registration.

I trust that my remarks are of assistance to you, and I am happy to answer any questions you may have. Thank you.

The Chair (Mr. Norm Miller): Thank you for that. We will go to the government members first. Ms. Sandals.

Mrs. Liz Sandals: Good afternoon, Ms. Morrison, and thank you for appearing today, and thank you for your introductory remarks, because that helps very much set the context of your appearance here today.

All of us on the committee, as MPPs, of course—I find it odd to call you Ms. Morrison, because I usually say, “Hi, Lynn”—we all get to visit you annually and have a little chat, so this is a more formal venue in which to have a little chat.

Certainly, as you're aware, because you've obviously been following really closely, the committee has had—I think we're up to 70 hours of testimony now and about 600 pages of Hansard, tens of thousands of documents. I think just yesterday we got 33,000 documents from the Ministry of Finance.

At any rate, one of the issues that has come up, as you've clearly outlined in the material that you've provided for us, is this whole issue of lobbying and the registration of lobbying and appropriate activity of lobbying. Obviously, you've raised issues with Mr. Apps specifically, and there may be some other issues at Fasken's as well, as things unfold.

We've certainly also, in the course of the testimony, heard from a gentleman by the name of Kelly Mitchell, who was at a government relations firm, Pathway Group, had a past history with the Conservative Party, and had also acted, I think, for the members for Parry Sound-Muskoka and Whitby-Oshawa, but at any rate—so political as well as lobbying involvement. He was serving on the board of Ornge at the same time. In fact, he actually ended up having a contract as a government relations person at the same time as he was serving on the board, which is perhaps beyond your purview but was a bit of an odd situation.

You mentioned at the end of your remarks—and you've provided us a copy of your recommendations around the lobbying act. But I wonder if we could maybe look at some of the proposals that have just been announced in terms of the lobbying registration, the proposals to amend the Lobbyists Registration Act.

I think that most of the reforms that are in the act are reforms that derive from the recommendations that you've made. Is that a correct observation?

Ms. Lynn Morrison: Yes, it is.

1320

Mrs. Liz Sandals: It is? And actually, I agree with your introductory statement that being a lobbyist isn't a bad thing. As you know, at one point I was actually registered as a lobbyist because I was the president of the Ontario Public School Boards' Association. In that capacity—we didn't have a paid lobbyist—the president was the lobbyist-in-chief. During the period in which I was president, I had to register. So, as I say, I've got nothing against lobbyists because I once had to register as one.

Certainly, from my point of view it was clear that part of my job was to lobby. It was there for the record. That was very public, and there was nothing wrong with what I was doing because that was part of my function as president of an organization. I agree with your analysis that lobbying is fine but you need to be open and above board about it.

If we could go through some of the amendments that have been proposed, maybe, and get your reaction about: How does that help you do your work in ensuring that lobbying is open, above board and follows the rules? One of the ones—you've mentioned this in your remarks, I think—is increasing the maximum fine for an offence from \$25,000 to \$100,000. It would be up to \$25,000 for the first offence and up to \$100,000 for subsequent offences. If you could give us—and if counsel wants to chime in, that's fine too—a bit of a comment on how that would assist you in your work to have a higher fine.

Ms. Lynn Morrison: I think it's fair to say that because I have no investigative powers, I have no power to issue penalties. That's the first thing that is important to understand. I have asked for certain penalties; absolutely. The \$100,000 refers more to a conviction—not for me to impose but would be on conviction. The powers that I'm looking for, more specifically, are the ability to issue reports; compel testimony; issue, perhaps, administrative monetary penalties and things of that nature. But I think that increasing the penalty seems to be a trend in Canada and I think it also helps in the compliance—that people will take this more seriously.

Mrs. Liz Sandals: Because should something happen that would attract a penalty, then the penalty would be higher; it is high enough that it's not just a cost of doing business. Is that the idea?

Ms. Lynn Morrison: I suppose that's one way of putting it, but again, before anything would be referred to the authorities I'd have to balance that out as to the seriousness of the offence, because I want to do what makes sense.

Mrs. Liz Sandals: That probably feeds into one of the other changes that is proposed, which is providing the registrar with the ability to impose a penalty following an investigation and a finding of non-compliance, which would be a new power. Then, there would also, as you

mentioned, continue to be the availability of a fine upon conviction. The penalties would be a prohibition of lobbying for up to two years and publicly disclosing information about violations of the act.

Is that in line with what you were looking for, and again, a bit about the significance of you having the ability to do something on your own without the conviction.

Ms. Lynn Morrison: If you're going to have investigative powers you should have the power to issue reports and you should have the power to issue a penalty. Before you issue that penalty, you consider the seriousness of the offence. Is it an error made in good faith? Is it a repeat error or lack of registering, a repeating offence? You have to look at the facts of the case and then make a determination at that time.

I haven't seen, obviously, the legislation the government is proposing to bring forward, and I look forward to that. Even if I did get those, I think that we would be establishing certain criteria for each of those penalties to provide us with some guidance.

Mrs. Liz Sandals: So you would be either creating or looking for a template as to what sort of a finding elicits what sort of penalty. Is that what you're sort of envisioning?

Ms. Lynn Morrison: Sort of, but it's really hard to tell until such time as I've got something before me that I am considering.

Mrs. Liz Sandals: Thank you. And then, I take it that there is a proposal for some other additional powers. One would be to provide you with the power to investigate possible violations of the act, and you've mentioned that a couple of times. I actually didn't realize you didn't have the power to investigate. If you don't have the power to investigate right now, what is it you can do? And then, in contrast, what would this mean? I honestly assumed you could investigate.

Ms. Lynn Morrison: No, I cannot. You know, despite that ability not to be able to investigate, I have taken it upon myself to spend my energy on trying to educate our stakeholders and to encourage compliance. I think, to me, that has been the most important thing that I could do without anything else, without the ability to investigate. In fact, when I do hear of a potential breach—and there are not many of them—I take the opportunity to educate both parties and, believe it or not, even the complainant could use some education; they don't understand the act. I try to educate both parties, and the individual or organization accused of not registering—I provide them with all the education I can and ask them for a response after they've reviewed that legislation. Most times, it's a matter of the individual not understanding the provisions of the act or not even realizing it existed, and they will register.

Mrs. Liz Sandals: The correspondence that you actually presented us with here, where you've got the correspondence back and forth with Mr. Apps and with the law firm he was associated with at the time of the incident that prompted all of this—that to-ing and fro-ing

and the correspondence and the opinion and the request for further detail, that's sort of typical, then, if I hear you, of the power you have at the moment, which is this conversation about what are the rules.

Ms. Lynn Morrison: That's right. The only difference is that I don't normally give opinions about past activities. I'm very often giving opinions about future activities of lobbyists. But I felt that this was a good opportunity to educate both Fasken and Mr. Apps and that's why I followed that process. It made sense to me. When I got their assurance in writing that they understood and accepted my opinion, I felt there was no need to proceed any further.

Mrs. Liz Sandals: Because you now had the opportunity to influence future behaviour—

Ms. Lynn Morrison: Yes, and as you'll note from my correspondence, or correspondence, I believe, from Fasken, they indicated that they would be sure that they understood that for the future.

Mrs. Liz Sandals: And then the other power is to specifically include the ability to provide guidance and direction on lobbyists' conduct and also include the ability to develop a code of conduct for lobbyists. Again, is that consistent with your advice? Or how does that affect the work that you do?

Ms. Lynn Morrison: In terms of the code of conduct, I have not called for a code of conduct. However, I'm pleased to see that the government has given me the ability if I feel it's necessary.

1330

To be honest with you, I'm not convinced a code is the answer. It's really hard to deal with what's appropriate in professionalism. I appreciate the government's offer that I have that jurisdiction, and I'd like to have it and see what happens with any new responsibilities I get under this act.

Mrs. Liz Sandals: So it may be more the individual guidance, given the explicit circumstances, that is ultimately more powerful.

Ms. Lynn Morrison: Well, I can do that now. I have the ability to provide advisory opinions, and I often provide advisory opinions in writing, as we have done with Fasken and Mr. Apps.

Mrs. Liz Sandals: Okay. New rules for lobbyists: Provide a single set of rules to determine whether all in-house lobbyists are required to register and to require all in-house lobbyists to follow the rules currently in place for in-house lobbyists in not-for-profit entities. Again, I think that's consistent with some advice you gave.

Ms. Lynn Morrison: It is.

Mrs. Liz Sandals: And does that simplify the rules?

Ms. Lynn Morrison: Yes, I think it does. Perhaps I can just describe what an in-house lobbyist is. There's an in-house lobbyist for for-profit companies and an in-house lobbyist for not-for-profits. The in-house lobbyist for for-profit companies, perhaps your pharmaceutical companies—each employee who is paid must register if they spend 20% of their time, a significant part of their

duties, lobbying the provincial government. So for every individual lobbying, they must have a registration.

In-house not-for-profit: In your particular situation, the requirement is that the most senior paid officer of that organization must register and then they list those in the employ of that organization who are lobbying. So you've just got one registration. To me, it makes sense that they should all be on the same playing field, have one registration for each organization or company, and then list those within that organization who are lobbying. I think it provides more transparency, because right now if an employee of a for-profit company might make a couple of phone calls, they're not required to register.

Having said that, I have to say that it's my sense that a good many in-house organizations and we call them persons and partnerships, the for-profits, register, even though they don't meet that 20%. They do it out of an abundance of caution.

Mrs. Liz Sandals: That was certainly always the attitude that we took when I was registering. As the president, I was the person whose name was there, but for all the other listed people, it wasn't, "Were they going to meet some threshold?" It was simply, "Here's everybody who might be called on to lobby," and we probably listed the entire executive and the senior staff at the organization. They might, so why worry about thresholds? That makes sense.

Ms. Lynn Morrison: I encourage that approach to registration. If somebody asks me for an opinion, "Should I register?", and they say, "Well, I don't spend 20% of my time," I'd say, "That's fine. You're not required to, but I encourage you to give it consideration, just to be transparent." There's nothing wrong with being on the registry, and it's very easy to register.

Mrs. Liz Sandals: And then, require lobbyists to identify MPPs, including cabinet ministers, by office, when they are the subject of lobbying. So for example, you would talk about the office of the Minister of Government Services or the office of the MPP for a specific riding.

Ms. Lynn Morrison: Yes, that's right.

Mrs. Liz Sandals: And that would be to, again, identify—ease of identifying the activity?

Ms. Lynn Morrison: It just provides more transparency.

Mrs. Liz Sandals: Okay. Prohibit consultant lobbyists from accepting fees contingent on a particular lobbying outcome.

Ms. Lynn Morrison: That was a government initiative. It was a policy decision.

Mrs. Liz Sandals: Oh, okay. But it would preclude contingency.

Mrs. Liz Sandals: And then prohibit lobbyists from lobbying and providing paid advice at the same time to any ministry or any agency on the same subject matter, and lobbying and providing paid advice at the same time to the same ministry or agency on any subject matter.

Ms. Lynn Morrison: This isn't a new idea. This is something that I do when I am asked to provide an opin-

ion on a non-jurisdictional matter. I'm often asked to provide advice to people who don't really fall within a particular act or don't have anybody to come to, so I try to provide them with some guidance. It makes sense to me. I can see it coming into other provincial legislation. I felt it made sense, and it again clarifies and strengthens the legislation.

Mrs. Liz Sandals: Chair, how much time do I have left?

The Chair (Mr. Norm Miller): You have four minutes—

Mrs. Liz Sandals: Okay, in the first—

The Chair (Mr. Norm Miller): —in total.

Mrs. Liz Sandals: In total. Okay, I'll set aside some time then. Thank you.

The Chair (Mr. Norm Miller): Okay, very well. Then we shall move to the opposition. Mr. Klees?

Mr. Frank Klees: Thank you, Chair. I will call you "Commissioner," because that's what I call you. I want to thank you for the work you do generally, and I want to thank you for your initiative in dealing with this lobbying issue.

You can imagine, of course, those of us in this committee when we were sitting in that meeting on April 18 and this exchange was taking place that you've referenced here in your presentation between myself and Mr. Apps.

My question to you now is this: Given the legislation, as it sits today, what next step is available to me, as a member of provincial Parliament, confronted with the fact that we had a witness who gave contrary evidence, who gave evidence that he was not lobbying? Clearly, I think there isn't anyone in this committee who would have agreed with him based on what we saw. We then have a confirmation from you in extensive correspondence saying, "Yes, you did lobby." I'm assuming that Mr. Apps still contends that he did not.

So here we have this situation. I'm sure the public is probably wondering the same thing. We had an individual, in a very high-profile case before the public accounts committee, clearly in contravention of the lobbyist act, who has had this debate with the commissioner. What's to be done? I think there's a cynicism out there that says, "Well, everybody gets away with everything." What are the next steps?

Ms. Lynn Morrison: I think, first of all, that's for the committee to decide. I am not a gatekeeper of lobbyists' conduct if it's inappropriate. I think it's fair to say that if anybody wanted to bring something to the attention of the authorities, they're entitled to do so.

Mr. Frank Klees: You know, in the same way that Ms. Sandals earlier said she wasn't aware that you don't have investigative powers, I think the public would join with that sentiment to say, "Why do we have a commissioner or a registrar, why do we have an act, why are there rules, if all they mean is that you might get your finger slapped at some point? There might be a little bit of embarrassment for someone."

I somehow doubt that Mr. Apps is embarrassed about anything at this point because his boldness in terms of challenging you in such a public way was confounding to me. I would have thought that there would be some contrition, but there isn't.

1340

In the interest of giving some reassurance to the public that we actually have some rules in place by which we have to conduct ourselves, lawyers have to conduct themselves, consultants, lobbyists, that they mean something, my question to you is: What, in your opinion, would it take? We're looking at a review of the act, and I saw what the government has said they're willing to do. I don't see that any of the changes that are being proposed at this point by the government, of what I've seen, would address the issue that I'm attempting to get at here, and that is to put some teeth into legislation that individuals like Alf Apps could not simply take for granted that he could simply walk away from this and go on to the next file, and even pay a financial penalty. The issue of fines is, in many ways, just simply, for some people, a cost of doing business. If you're billing \$9 million in legal fees, you can easily pay \$100,000 in fines. At the end of the day, it will probably be a tax write-off.

My question is: If the government is serious about doing something about this, particularly against the backdrop of this scandal that we're dealing with in this committee, what recommendation do you have for us that would make this legislation actually work?

Ms. Lynn Morrison: Mr. Klees, I think that my recommendations will contribute to making it work. I think it's fair to say that my request, for example, to make reports public can be very damaging to a lobbyist. Let's face it: The only sure thing we have is our reputation, and that's pretty precious to all of us. If I were to issue a negative report against a lobbyist, how would you, as members of a government or opposition, feel about that individual? How would the public feel about that individual? I think that's something to give some thought to. In the worst-case scenario, if I have the powers to investigate and I decide, at the end of the day, that this is a serious matter, then I've got the right to refer it to the authorities.

I have an example in front of me, yes, but I did what I thought made sense. The committee was looking into matters regarding Ornge and this issue came up before the committee. I felt that both Fasken's and Mr. Apps understood and accepted my opinion and I felt that there was nothing more to do. A lesson had been learned. It had happened a year before. There was no evidence that it was continuing. I felt I did the right thing.

Absolutely, I got concerned when I heard Mr. Apps's testimony, and that's why I provided you with this material. You were looking into it; I felt it was best in your hands. But I do think that my recommendations would go a long way towards your concerns.

Mr. Frank Klees: Have you had an indication from the government that they will accept your recommendations?

Ms. Lynn Morrison: I've only seen the announcement of what came out recently, but I am looking forward to seeing the proposed legislation.

Mr. Frank Klees: Has anyone from the government met with you to discuss draft legislation?

Ms. Lynn Morrison: We have met just to talk about the overall recommendations to ensure that they understood what we were asking for, but I have not had that opportunity to discuss any legislation.

Mr. Frank Klees: Who did you meet with from the government?

Ms. Valerie Jepson: The minister, Mr. Takhar.

Ms. Lynn Morrison: And his staff—Minister Takhar and his chief of staff and the deputy minister.

Mr. Frank Klees: Okay, thank you.

Ms. Lynn Morrison: Catherine Brown.

Mr. Frank Klees: I'd like to just ask you your opinion on whistle-blower protection. The government has included a reference to whistle-blower protection in Bill 50. This is the legislation that's being proposed in response to the Ornge situation. Have you had a chance to see that legislation and look at that whistle-blower protection clause?

Ms. Lynn Morrison: No, I have not. I'm sorry.

Mr. Frank Klees: I would ask you to do that, if you could.

Ms. Lynn Morrison: I will.

Mr. Frank Klees: Our concern with that clause is that, like so many things, unfortunately, when it comes to legislation, it sounds good but has very little efficacy in terms of actually giving the kind of freedom to employees or staff or the public to come forward. It's very restrictive in terms of who individuals could go to. In fact, that particular clause relating to the whistle-blower protection in Bill 50 actually restricts people from going to the very individuals whom they've gone to in the past who shut down the information.

Our view is that that should be considerably broadened. We would appreciate your input and your advice as to what you think might be an appropriate amendment to improve that particular aspect of that legislation, if you're willing to do that.

Ms. Lynn Morrison: If that would be helpful to the committee, I'd be happy to.

I might just point out that the whistle-blowing regime that we have now for the Ontario public service certainly has that internal disclosure process to the deputy minister or the head of the agency, but it also has a provision that if the public office-holder is not comfortable or feels that they can't go to that individual, they then come to our office as an outside office.

Mr. Frank Klees: It's an important issue because quite often, whether it's the director of a department, whether it's the assistant deputy minister or the deputy minister—sometimes the deputy minister is the problem—not that it would ever happen. But I have certainly been told by civil servants, "Look, I can't go to the deputy; that's my issue." So we can profess to have this legislation, but if it doesn't free up the individual to make

their complaint or to get advice, then we're back at square one. We'd appreciate your view on that.

Ms. Lynn Morrison: I'd be happy to take a look at that and provide it to the committee.

Mr. Frank Klees: I'll defer my next questions.

The Chair (Mr. Norm Miller): Okay; very well. We'll move to the NDP. Ms. Gélinas.

M^{me} France Gélinas: It is a pleasure to see you here, Commissioner Morrison.

Ms. Lynn Morrison: Thank you.

M^{me} France Gélinas: We'll call you "Commissioner." You are responsible in front of this Legislature. It's a big job and a big responsibility, and I thank you for taking the time to come and talk to us today.

It's the first time that I see all of the documents that you have presented in front of us, so I have a couple of questions. The first one is: When you received this letter under tab 3 that you gave us, from Mr. Martin Denyes from Fasken Martineau, did they also call you, or you just received this out of the blue?

Ms. Lynn Morrison: No, we just received the letter.

M^{me} France Gélinas: You just received the letter. Have you talked to them since?

Ms. Lynn Morrison: I think there may have been occasion when Ms. Jepson spoke with them.

Ms. Valerie Jepson: I can elaborate. When we got the letter, we weren't sure what the purpose of the letter was. Was it a complaint? Was it a request for an opinion? I did speak to Mr. Denyes. At the end of that tab is a second letter from Mr. Denyes dated January 30, which refers to conversations he and I had confirming that they were seeking an advisory opinion. The purpose was just to procedurally figure out what it was that the request was.

M^{me} France Gélinas: Did he ever share with you as to what brought them to want to have an opinion from the commissioner?

1350

Ms. Valerie Jepson: No, there was no other information other than what was in this letter, that it had come to their attention and that they were providing it to us.

M^{me} France Gélinas: Okay. So you received this out of the blue. Do you receive things like this often?

Ms. Lynn Morrison: We receive letters requesting an opinion, but sometimes somebody will call first and we ask that they put it in writing, and then we provide the opinion.

M^{me} France Gélinas: But as you said, most of the time when you're asked for an opinion, it is for an activity that is yet to take place?

Ms. Lynn Morrison: That's correct.

M^{me} France Gélinas: Very few are looking back. Was this the first one where you were asked to look back?

Ms. Valerie Jepson: We get a different kind of request sometimes where, as the commissioner was saying before, people will notify us that they think someone is engaged in unregistered lobbying. So that's something that's already happened, and that's when the commissioner will do what she described as, "Go back to the

person; get their explanation; try to educate them." Sometimes it results in a registration.

But no, this was unusual. That was why I phoned to say, "Help us understand what is the purpose of this," and explain to Mr. Denyes that we didn't provide advisory opinions in the past, so it would be up to the commissioner whether or not she wanted to do that. And the letter that the commissioner did send addressed that.

M^{me} France Gélinas: It's on tab 4?

Ms. Valerie Jepson: Tab 4, yes. Thanks.

M^{me} France Gélinas: That's okay.

So we're now on tab 4. You responded to Mr. Denyes and in a three-page letter made it clear that in your opinion, lobbying activity had taken place. Attached to this, you share an interpretation bulletin on your activities that you do to educate. I take it this is something useful.

Ms. Lynn Morrison: I hope so.

M^{me} France Gélinas: Once you read this, it becomes pretty clear. You do the same thing with Mr. Apps. You share with him what has happened, and then the answer. Through all of this, was there any doubt left in your mind that he understood the advice that you had given and he understood that what he had done was lobbying?

Ms. Lynn Morrison: I had no doubt, no. But in terms of him accepting it, I certainly felt that way when I received the letter from him that he had accepted it, and even though he provided further submissions, it didn't change my mind.

M^{me} France Gélinas: Okay. So you do your analysis; you share your opinion that there has been lobbying activity. By the time the new information was shared with you and all this—we're still in February. Then he comes to see us in April. Was this a surprise when you heard him say, "I never lobbied"?

Ms. Lynn Morrison: It was, yes.

M^{me} France Gélinas: In the exchange of correspondence, plus exchange on the phone that your counsel had done for you, you felt that they understood. They also took in the educational piece to learn—we all learn from our mistakes. And then on April 18—can you resolve the disconnect, I guess, for us? How could somebody write to you that they understand and approve, and then come in front of us under oath and say that they never lobbied?

Ms. Lynn Morrison: I can't resolve it for you. I don't understand.

M^{me} France Gélinas: All right. I don't understand either. So then—

Ms. Valerie Jepson: The other piece of information was, when the commissioner provided the—it was six days after she heard the evidence that we provided this information to the committee, all of this material, and we notified Mr. Denyes and Mr. Apps that we were going to do that, just as a courtesy, and Mr. Apps did provide a letter to the committee. It was actually addressed to me, but copied to Mr. Short. It's not in this material, but it appears that he has a different point of view on the interpretation.

M^{me} France Gélinas: Okay. This letter has already been circulated to us. But this new point of view came as a surprise to you after his testimony on April 18?

Ms. Lynn Morrison: I think Mr. Apps was twisting my words in trying to make submissions. It still came down to the fact that Mr. Apps was working as a consultant lobbyist, as defined by the act, in trying to arrange an appointment. It doesn't matter if he was successful. It doesn't matter who looked at the calendar to see when everybody was available. Mr. Apps should have been registered for that activity. His arguments are just twisting my words.

Mr. Jagmeet Singh: Commissioner, I want to thank you for coming in as well. I want to just build on this point. We may discuss this and may make recommendations. We want to hear directly from you, as a commissioner: What is the impact of this? In layman's terms, why do we need to register lobbyists and what is the impact of having someone who is not registered as a lobbyist conduct an activity that is lobbying? What does that mean to the public? What should they take from this?

Ms. Lynn Morrison: Why do we have them register? I think it provides transparency in government. It's certainly the way of the world today. There's nothing wrong with being on the registry. Lobbying is a legitimate activity. Not registering—I don't understand why some people don't feel it's appropriate. If you're not doing anything inappropriate, there's nothing wrong with registering. That's, for me, the bottom line.

M^{me} France Gélinas: All right. So, when my colleague asked, "Shouldn't there be repercussions?"—I would say all of us share the comments that Ms. Sandals shared with you that we all thought you did follow up with this, that you had the powers that you don't have, which you wrote down here as "no authority to prosecute an offence under the act." When you tell us we have to go to the authorities, who are those authorities and who do we go to?

Ms. Lynn Morrison: I would suggest the OPP.

M^{me} France Gélinas: We go and tell the OPP?

Ms. Lynn Morrison: Yes.

M^{me} France Gélinas: I know that you said in your opening comments that this has never been done before.

Ms. Lynn Morrison: No.

M^{me} France Gélinas: Has it been done in other Canadian jurisdictions?

Ms. Lynn Morrison: Federally.

M^{me} France Gélinas: Federally it has been done? Do you have a case in mind that may ring a bell with us?

Ms. Valerie Jepson: At the federal level, the commissioner has much more extensive investigation powers. Federally, the Commissioner of Lobbying has issued a number of reports under their legislation. If the commissioner at the federal level believes that there has been an offence committed, she is required—it is a she federally, also—to refer it to the RCMP. She has made a number of referrals to the RCMP. I believe only one of several has resulted in a charge. I can't remember all the

particulars. I know that there are a lot who are upset about it, because in the one that did result in a charge, the penalty that the lobbyist got was to write an essay or something about why he should have registered. So there's a lot of skepticism around whether or not these penalties are—even the authorities are going to issue penalties. I don't know the circumstances why that—presumably, it was the person's first offence and all kinds of things like that that would normally go into consideration when you're sentencing someone.

There is the other jurisdiction. BC was the same as Ontario until a couple of years ago. The commissioner there had no investigation powers. The commissioner in BC became inundated with requests for enforcement, and the commissioner said, "Look, I don't know what you think is in my act. I don't have that ability." So they've amended the act to include investigation and enforcement powers, then.

In the commissioner's recommendations on the lobbying act, that's what we want. We want something like the BC model, where the commissioner could go and investigate matters, and three types of penalties:

1400

(1) a public report—I hear what you're saying, that there's skepticism around that, but, as the commissioner said, we think that matters to lobbyists, that a public report would be damaging;

(2) the ability to restrict a lobbyist who has contravened the act from lobbying in the future—we think that would be a helpful penalty;

(3) administrative monetary penalties, because we think that would bring a deterrent effect.

We do think there should be maintained both an offence-type, criminal-type penalty system and an administrative one that we would administer, because we care a lot about lobbying and we want lobbying to be enforced. Is this going to be on the top of the agenda for a police force? Maybe. But at least for us, it would be. So that's why we want the power in our office to carry out penalties. That's what they have in BC.

Mr. Jagmeet Singh: Just to clarify, though, similar to a municipal offence or similar to a highway traffic offence—highway traffic offences are prosecuted by or investigated by police, but they don't result in a criminal record of any sort. So similarly with this—this is a lobby—

Ms. Valerie Jepson: It's a provincial offence.

Mr. Jagmeet Singh: It's a provincial offence.

Ms. Valerie Jepson: Yes.

Mr. Jagmeet Singh: So it would make sense for the OPP to investigate it, and if there's an offence, if there seems to be an offence—sending that material along to the OPP for them to investigate and then lay a charge, if they see fit. It would still not fall underneath the criminal jurisdiction; it would be within the provincial offences.

Ms. Valerie Jepson: Right, and if we had enhanced investigation powers, we would, as any other similar body, be better positioned to assist in providing information to peace officers—in our case, we think the OPP

makes sense—so that they could have a start when we handed over a file, if it came to our attention.

Mr. Jagmeet Singh: So as it stands, without any further action, either by the committee or with the commissioner, there will be no charge laid for a potential, in this case, contravention of the act?

Ms. Valerie Jepson: No—

Ms. Lynn Morrison: Not unless somebody brings it forward to them, and there's no guarantee there either that they will investigate or prosecute.

Mr. Jagmeet Singh: Okay.

M^{me} France Gélinas: In the BC case, does it make any difference who the lobbyist is? We tend to hold lawyers and judges and even police officers to look at the laws with great respect. Do they deal with that in the BC law?

Ms. Valerie Jepson: I don't think that they do.

Ms. Lynn Morrison: I think the bottom line is that they should be treated the same. You look at the offence and then make your determination from there.

M^{me} France Gélinas: Okay. So what is becoming clearer as to how you would like the reform of the existing act to roll out—at the beginning, Ontario was kind of at the forefront. How far behind are we now?

Ms. Lynn Morrison: Way behind, absolutely. It's very public that Guy Giorno, who is an expert in lobbying legislation, particularly across Canada, has indicated we once were a leader and today we're not. We're at the bottom of the list. I identified this some time ago. I was watching other jurisdictions very closely as to what was going on. When I realized that we had to do something, we took a lot of time studying other jurisdictions, talking to my colleagues across Canada: "What works and what doesn't work for you?" That's why it took us some time to put together a package that I felt was well researched, well thought out and it made sense.

M^{me} France Gélinas: This is what you presented to the government to help frame the changes—

Ms. Lynn Morrison: That's right, exactly.

M^{me} France Gélinas: Some of them look like they will be in, some of them won't, but you say that this process is still unfolding and you feel that you're being listened to?

Ms. Lynn Morrison: Yes, I do.

M^{me} France Gélinas: Okay. Very good.

Mr. Jagmeet Singh: My concern is that I think it's important that we look at lobbying and make sure that lobbying is done properly and that it's monitored. I think it's important.

But for the public to care, we need to give them an explanation of why it matters. Instead of me advocating why it's important, I think it would be best coming from the commissioner, so I want to return to this point. What would be the impact of having unregistered lobbyists? What, if any, is the impact of that? What's the negative impact of that? Lobbying is legitimate and it's an activity that we support and we're not against, but why is it important to regulate it so it's done properly, and why is that so important?

That's a two-part question there. One is the unregistered lobbyists and why does that matter; what's the impact of that? The second is: In general, why do we care about lobbying and ensuring that it's done properly?

Ms. Lynn Morrison: First of all, I think it's important for me to put it on the record that I don't think this is a major problem in Ontario. Yes, this is an important case that we're speaking about today, but I don't get a lot of complaints in our office about lobbying activity. In fact, I have found lobbyists to be very co-operative with me.

Unregistered lobbying? It doesn't help the system. People are very skeptical today, anyway. But I think that with our recommendations, I can help to dissuade a lot of that.

The other problem, I suppose, is that the public doesn't understand a lot of my mandates. That's why I've made a concerted effort over the last couple of years to educate, get out into the public and talk to them.

Unregistered lobbying: Yes, I suppose it's going to happen. I just don't think it's a really big problem. But again, if people see that somebody is not registered and they should be and they've got the evidence, they can bring it to me, but I'm limited right now. I'm not the gatekeeper. They're entitled to go to the authorities if they want.

M^{me} France Gélinas: So you don't have a blacklist of people you're keeping an eye on as to—

Ms. Lynn Morrison: I wouldn't say that. I can say that we're doing a lot in terms of that education. We do media scans. We're watching various industries and groups to see—just watching. It may come to our attention that a particular group may need to receive some communication from us, maybe a little education, and we will send some information to them: "It has come to our attention—do you realize this act is in place? You might want to take a look at it."

M^{me} France Gélinas: And it's working well most of the time?

Ms. Lynn Morrison: We continue to get new registrations all the time, yes.

Ms. Valerie Jepson: If you're trying to, for the public, figure out the value in it, I think any member of the public could be able to see that quickly if they went on to the registry. I think people don't realize how much information is on that website. You can have a quick scan, look at the recent registrations.

The commissioner has worked really hard over the last few years to improve the quality of the information in each return. The goal that we have is that we want to make sure that anyone who goes on that registry, no matter who you are, you'll be able to understand what the lobbyist is doing when they're talking to the government: What's their goal?

Mr. Jagmeet Singh: Exactly. Maybe I can just present my opinion. I think it's crucially important, if you meet with someone as an elected official and I don't know that person is a lobbyist—I think that perhaps their concern is a concern of a constituent and they're just raising concerns that might be a concern that maybe

people in the region are concerned about. But if it's a lobbyist, it's important for me to know that, "This is a concern of a particular interest group." There's nothing wrong with that, but it's good for me to know that. This is why I think it's important for us to know who we're dealing with and who each elected official is dealing with.

Ms. Lynn Morrison: Some of you may recall that in our last meeting I encouraged all of you to—and when I meet with ministers' staff, I encourage them to check the registry, but even for you as opposition members, I encourage your staff to look at the registry when they get a call to meet with you. See what they're lobbying about. Then, if they're not on the registry, just raise with them, "You realize there is a lobbyist registration. You may have an obligation to register." You have no obligation to do that, but I think it just helps inform.

M^{me} France Gélinas: Absolutely. I'd like to speak a little bit—I only have a few—

The Chair (Mr. Norm Miller): Three minutes.

M^{me} France Gélinas: —three minutes left—about whistle-blowers. I am starting to understand better what exists for the public service. We're dealing with the Ministry of Health and one of their transfer payments right now, where a review was done by an auditing firm that recommended that they put whistle-blower protection in place. They flatly refused.

I was wondering, does any other jurisdiction—or do you know of any government which, in their accountability agreement—they request all sorts of stuff. The Ministry of Health will—you know, like you have to have insurance for your board. They request you to do a whole bunch of stuff before they transfer money to you.

Would it be reasonable to say, "You should also have whistle-blower protection in place and develop whistle-blower protection that would go beyond the public service to transfer payment agencies"?

1410

Ms. Lynn Morrison: I think it's a benefit to organizations, but what is really key is that employees have to have trust in their superiors. They have to have confidence in making those disclosures. They have to know that what they're saying means something, that it's important to somebody. It may not result in anything, but they have to feel that somebody is listening. When these disclosures come in, they have to know that it's being treated confidentially but also in a professional manner. They're not going to do it otherwise. There's probably a lot of HR involved in training people, informing them about the process, but most importantly, they need to know that their concerns matter.

M^{me} France Gélinas: In the other provinces and jurisdictions in Canada, is it typical that you go to your supervisor but you also have an option B, that, if you don't have this relationship of trust, you can go to an officer of the Legislature, which is you in this—

Ms. Lynn Morrison: There is legislation in other provinces. Ours is unique. We're the only province where there's an internal process, with the external pro-

cess to our office. Val, you might be able to speak more specifically about the other jurisdictions.

Ms. Valerie Jepson: Yes. Ontario is unique for one reason, but the jurisdictions are common, that there is an internal mechanism and an external mechanism.

A few things about other jurisdictions: It's not in every province. They have it at the federal level, New Brunswick and in the Legislature only in Newfoundland. They have it in Manitoba—

M^{me} France Gélinas: That's okay; I only have three minutes. It's not a memory test.

Ms. Valerie Jepson: I'm just scanning through, but it is common that there is either a senior person like a deputy minister who receives the disclosure, or there's a senior officer designated within the ministry. All of the other provinces do have an officer who can receive the complaint.

M^{me} France Gélinas: And do any of them extend it—

The Chair (Mr. Norm Miller): Sorry, you're out of time.

M^{me} France Gélinas: —beyond the public service? You'll have to name them just—

Ms. Valerie Jepson: I don't know the answer cold on that. I have to check.

M^{me} France Gélinas: Okay. Thank you.

The Chair (Mr. Norm Miller): Thank you. We'll move to the government. You have four minutes left.

Mrs. Liz Sandals: Yes. Thank you very much. I wanted to raise another issue, Commissioner, that has come up, and this is going back quite a ways, because it's 2003 and it goes back to the early days of trying to set up Ornge.

At this point, Chris Mazza was lobbying, working on getting Ornge set up. Tony Clement was the Minister of Health. Chris Mazza had engaged Fasken's, and Tony Clement's wife, Lynne Golding, was lead counsel on the file at Fasken's to convince the ministry to set up Ornge, as it were. The goal, as I say, of this initial engagement was to get the policy approval to create Ornge. Ultimately, that work led to Fasken's, at the time of the auditor's report, making close to \$10 million on this file over the years.

Given that I'm not sure whether it's members' integrity or whether it's lobbyist registration, but if Lynne Golding, while she was acting for Chris Mazza, was to raise this with her husband, Tony Clement, the Minister of Health, is that appropriate?

Ms. Lynn Morrison: I can understand why you're asking this question, but I don't have all the facts and I'm very reluctant to provide an opinion when I don't have all the information.

Mrs. Liz Sandals: And of course we have no knowledge of what private conversation she might have had. The second one we do have more knowledge of, because it's reflected in the billings, which is that Guy Giorno, who was registered as a lobbyist, as you mentioned, and Kevin McCarthy, who were also with the firm—it is recorded that they were meeting with the minister or the minister's staff. Now, given the relationship, is this

appropriate given that the law firm was ultimately in the position to make considerable profit or at least considerable revenue from this file?

Ms. Lynn Morrison: Again, I have to tell you that I don't have all the facts before me and I'm just not prepared to give an opinion. I think you all know that I'm not prepared to provide any opinions on a hypothetical basis. Even though there is some information before this committee, it was asked in the context of your jurisdiction and what you're trying to do, not in terms of what I would be giving an opinion about.

Mrs. Liz Sandals: I appreciate that position, because you're behaving as you should as commissioner.

If we've got a little bit of time, over to Mr. Zimmer.

The Chair (Mr. Norm Miller): Very well. You have a minute, Mr. Zimmer.

Mr. David Zimmer: Okay. I'm just curious: What's your position on various—there are lots of health organizations out there. I don't want to name them, but there's the heart, cancer, Alzheimer's and so on. Often, organizations like that have lobby days and the local representatives from the association also might come around to your constituency office and make a pitch. It's typically for more funding for the organization, whether it's cancer, heart, stroke or anything. How do you deal with—are those people lobbyists or not? They're doing it with the best of intentions. They tend to be community-oriented, but they're making an ask: "Please do this. Have your government do this."

Ms. Lynn Morrison: I think it's important to understand what the different types of lobbyists are. Obviously, those organizations are not-for-profit and the criteria before registering is that the accumulation of activity of all paid employees must meet that 20% threshold, the significant part of duties. We have developed a formula and it equates to about four days a month. That's a lot of lobbying for some of these organizations. If they're recording their time and they get close to that 20%, they should be looking at registering, but they're not required. Having said that, you will find many of those organizations on the registry.

The Chair (Mr. Norm Miller): We'll move to the opposition. Mr. Klees?

Mr. Frank Klees: Commissioner, I've asked to have a copy of Hansard for Wednesday, May 16, handed to you, which I think is being delivered right now. I'm not asking you to make a ruling on this; that's unfair. I would ask you, however, to take this back and, if you would, have a look. When you've had a chance to consider the context of this, I would appreciate you, to the degree that you feel comfortable, giving an opinion in terms of whether lobbying was taking place here.

The reason that I'm drawing your attention to this is because it is another set of—how can I put it?—individuals who were involved here. This particularly refers to Mr. Don Guy, who was a former principal secretary to the Premier. We were going through some of the history of who was lobbying whom at Ornge with Mr. Jacob Blum, who was a senior executive. Mr. Blum swore an

affidavit and delivered to this committee that sworn affidavit, which had his notes of meetings that took place. In this particular discourse, he was referring to a meeting that took place in the presence—and he didn't recall whether it was an in-person meeting or by teleconference, but it was attended by Alfred Apps as well as Don Guy. The outcome of this was that there were some takeaways from that discussion that they were having that Don Guy would undertake to have some discussions with the Ministry of Finance regarding the consolidation issue that was under discussion with Ornge.

1420

Mr. Guy, when he was here, insisted that he was not lobbying either. There are some technicalities here that I think he may be relying on as well. He insisted that he did not bill Ornge directly, that his billings went through Fasken's. One of the issues that comes out of this is, whether you're billing the client directly or whether you're billing through a third party but nevertheless providing services and benefit to the client, does that somehow circumvent the lobbyist registration or not? Maybe to that technical point, whether it's Mr. Guy or anyone else, I'd be interested in your opinion, if you're prepared to give it, as to whether how you bill, directly or indirectly, somehow allows you to circumvent registration.

Ms. Valerie Jepson: Just in case it helps, we have this, and then you provided a lot of other information that's not in here, but I think there's no issue with providing the answer to your question there. Would that be sufficient to just discharge this issue, maybe?

Mr. Frank Klees: Yes, and everything I've told you is actually in this document.

Ms. Valerie Jepson: Okay.

Mr. Frank Klees: I just didn't want to take the time to read it verbatim. I would ask you to take it back with you. But that particular question, if you wouldn't mind answering that, if you can.

Ms. Lynn Morrison: Certainly. I'd be happy to take a look at it.

Mrs. Liz Sandals: While they're discussing—point of order, Chair: Should they not have Mr. Guy's testimony if they're going to give an opinion? Because Mr. Guy's testimony was quite contradictory to Mr. Blum's.

The Chair (Mr. Norm Miller): We'll just continue with the question, and I'm sure that the Integrity Commissioner will decide if she wishes to give an opinion or look for more information, if she needs more information.

Ms. Valerie Jepson: I think we have to review the request. As the commissioner was saying, the evidence that all the witnesses were providing was evidence to you in carrying out the work that you're doing. I don't think you're asking the commissioner to do a fresh inquiry, so you're asking her to provide an opinion on evidence, her impression of the evidence. I think that's something that we'd have to think hard about, because I don't think that's something that is going to be possible for her to do.

Mr. Frank Klees: Well, I would think that it's no different than the opinion that was rendered with regard to Mr. Alfred Apps.

Ms. Valerie Jepson: That was on the basis of documentary records. There were emails. What you're asking the commissioner to do, I think, is to make a finding of fact, based on evidence that was gathered in the context of this committee.

Mr. Frank Klees: Which we would make available to you.

Ms. Valerie Jepson: If there were findings of fact, maybe that would be the better point. If you had made a finding of fact about these circumstances rather than—as you'll know, there's evidence and then someone is going to make a decision: "What were the facts?" That might be a point when the commissioner could—

Mr. Frank Klees: Sure, and that's fair. I think the findings of fact are that we were presented with testimony here. Mr. Blum presented a sworn affidavit with notes relating to discussions that took place. I think it would be appropriate, unless you suggest we should refer it to the OPP—

Mr. David Zimmer: Point of order, Chair: It's not a finding of fact. The committee hasn't written its report yet. We heard that testimony from various people in this case, Mr. Guy and others—

The Chair (Mr. Norm Miller): You don't have the floor, but I think you're making a valid point. Go ahead, Mr. Klees.

Mr. Frank Klees: I'll leave it with you. This committee still has a great deal of work to do. What I will undertake to do is provide you with information that is now public—documentation. I would appreciate you at least considering providing us with an opinion.

Apart from that—and this has nothing to do with Mr. Guy, other than the fact that he said he billed indirectly—I would ask: Can you tell me now, if someone bills directly or indirectly, does that make a difference as to whether he's considered to be lobbying or not?

Ms. Lynn Morrison: No, it doesn't make a difference. As a matter of fact, you will see some registrations on the registry now where individual A is acting for a particular organization, but there's a further question of: Is there a third party involved in this? That often happens where a consulting firm will hire an independent consultant to deal with that client, so it's a third party situation. It doesn't matter.

Mr. Frank Klees: Okay. In that particular case, coming back to Mr. Apps, if, in fact, Mr. Apps had retained someone else to help him on a particular file, Mr. Apps would have been required to disclose that.

Ms. Lynn Morrison: Yes.

Mr. Frank Klees: I suppose the third person should have registered as well, if, in fact, he was engaged in lobbying.

Ms. Lynn Morrison: Generally, yes.

Mr. Frank Klees: Thank you very much.

I think, in closing my remarks, the key here and the reason that we're having this discussion is exactly what

you said previously, and it's about the issue of transparency. At every turn on this file, the reason that one problem led to many others is because there was a lack of disclosure and a lack of transparency, certainly within Ornge. It seemed the right hand didn't know what the left hand was doing. In the Ministry of Health, there were departments that didn't know what was going on in the next department. The whole issue of transparency—at the end of the day, I don't think we'd be asking questions here about Mr. Apps or Mr. Guy or anyone else if everyone had, in fact, at the very outset, disclosed that they were lobbying.

I enjoy when someone comes to me and says, "We have a proposal. Here's a policy proposal we want to bring forward, and here are the reasons." It's the only way we get informed about what the right thing is to do, and then we make our own decision in terms of whether that is a good public policy or not.

The issue here is transparency and ensuring that all of us are playing on a level playing field.

Again, I want to thank you for your recommendations in terms of changes that you're proposing to this lobby act. We're looking forward to working with the government to ensure that we get it done.

Ms. Lynn Morrison: Thank you.

The Chair (Mr. Norm Miller): Thank you very much, Commissioner and counsel, for coming before the committee today.

MINISTRY OF FINANCE

The Chair (Mr. Norm Miller): Our next witness today is David Schell, manager, risk and assurance services, health audit service team, Ontario internal audit division, Ministry of Finance. Welcome, Mr. Schell.

Just to confirm that you've received the letter giving you information about a witness coming before the committee?

Mr. David Schell: Yes, I have.

The Chair (Mr. Norm Miller): Very well, and would you like to do an oath or affirmation?

Mr. David Schell: Affirmation.

The Chair (Mr. Norm Miller): Very well. Our clerk will do so.

The Clerk of the Committee (Mr. William Short): Mr. Schell, do you solemnly affirm that the evidence you shall give to this committee touching the subject of the present inquiry shall be the truth, the whole truth and nothing but the truth?

Mr. David Schell: Yes, I do.

The Clerk of the Committee (Mr. William Short): Thank you.

1430

The Chair (Mr. Norm Miller): Very well. If you'd like to make an opening statement, please feel free to do so.

Mr. David Schell: Good afternoon. My name is David Schell, manager, risk and assurance services, with

the health audit service team, Ontario internal audit division, Ministry of Finance.

For the past seven years, I've managed internal auditing engagements on behalf of the Ministry of Health and Long-Term Care. Thank you to the Chair and members for the opportunity to be here to address the Standing Committee on Public Accounts with respect to the Auditor General's special report, Ornge Air Ambulance and Related Services.

With respect to Ornge, I managed the internal audit engagement, the Review of Air Ambulance and Related Services, contracted out to the accounting firm of Meyers Norris Penny in 2008.

At this time, I would be pleased to answer any questions you may have.

The Chair (Mr. Norm Miller): Very well. The official opposition will go first in this case. Mr. Klees?

Mr. Frank Klees: Yes, thank you, Mr. Chair. Mr. Schell, thank you for being here. We had an opportunity to review the report from Meyers Norris Penny at committee. Did you have an opportunity to observe that or to read the transcripts from that?

Mr. David Schell: Yes, I did.

Mr. Frank Klees: You received a letter from Chris Mazza dated August 27, 2010, in which he referenced this report and gave his—if I can put it this way—sanitized assessment of the report. He said, in his second paragraph—and I'm assuming you've got it. Do you have a copy?

Mr. David Schell: Yes, I do.

Mr. Frank Klees: You've got a copy of the letter, okay. And we all do too, because we received this at committee.

He says, in the second paragraph: "The review concluded that overall Ornge is using provincial grant funding economically, efficiently and for the purposes intended in providing air ambulance and related services for the province. This finding is a reflection of our commitment and success as the operators of one of the largest and most sophisticated transport medicine programs in North America. Ornge is proud of our leadership and approach to the delivery of transport medicine." It's an interesting letter. I read this, and here is Chris Mazza pounding his chest about what a great job they're doing.

Now, we know the rest of the story, and we know that there were some 26 recommendations. There were some issues that were raised that were really quite serious in this report in terms of non-compliance. There was the issue—the flags were raised—about this very complex corporate structure that was being cobbled together. Mr. Schell, I'm assuming that you didn't fall for Chris Mazza's letter here.

Mr. David Schell: Well, his statement about "efficiently" and "economically" that was in the report related to one particular objective in the engagement. There were six other objectives. So perhaps he—I'm not sure of exactly the right words—focused on that one particular conclusion.

Mr. Frank Klees: Well, we've been told that he is a consummate salesman, and I think that marketing came very naturally to him. He's obviously an eternal optimist as well. But that's not your role. Your role in your position is to look below the surface, which is no doubt why this report was originally commissioned. Can you tell us the context in which you retained the services of Meyers Norris Penny to conduct this audit?

Mr. David Schell: Absolutely. It was requested, the engagement, by the ministry, for us to outsource this engagement. I actually drafted the objectives of the engagement for consideration of the ministry. So it was a request. I have a bunch of dates here and timelines that I have. I think they're all accurate; there may be something slightly off, but to the best of my knowledge, they're accurate. I have a date here of May 1, 2008. The health audit service team was requested by the chief administrative officer, who would be Dawn Ogram, to acquire the services of a consulting firm via the internal audit services vendor of record to perform a review of air ambulance-related services. HAST's resources were otherwise engaged. We only have about 15 auditors for a close-to-\$50-billion ministry with 50 classified agencies, approximately, and all the transfer payments we also go to.

Mr. Frank Klees: I'm not interrupting you. If you don't mind, I'll insert from time to time just to get clarification.

The reason that you went outside is that your other investigative teams were otherwise occupied, and so this must have been considered a priority, a pretty important audit for you to be directed to go outside and retain these services.

Mr. David Schell: It's normal for us to go outside. We go outside quite frequently because we don't have the resources. This is not abnormal.

I think there was also, if I'm recalling correctly—it was quite a while ago—the direction from the ministry to go outside, even if we had the resources available. But to my knowledge, back then I don't believe we had the resources available, but I think there was some direction, actually, to go outside as well.

Mr. Frank Klees: Okay, thank you. So you wouldn't mind continuing with your timeline, then?

Mr. David Schell: Yes. So a couple of things happened in between. We wanted to go in rather quickly, and Ornge's CEO, May 9, wanted the engagement deferred. Apparently, they had some staffing problems in the summer. Everybody wasn't available and whatnot.

May 20, 2008, we received information that Ornge intended to create additional corporate entities and we notified the legal services branch. June 4, there's an email from MOHLTC legal services, advice regarding potential creation of other Ornge entities and purchases of new aircraft.

July 11—this is all 2008—CEO and executive lead met with the OPCD to share the draft review plan and scope. We also went over to meet the provincial controller and got his opinion as to potential audit strategy,

potential audit objectives, during the spring, around that period.

I crafted the objectives. There were some 10 objectives at the time. We had normal meetings with the ministry. We had meetings with the board chair and the CEO of Ornge. It was decided by the executive that there would be a separate internal audit engagement and a separate legal review. That wasn't in May 2009; that was in July 2008.

Mr. Frank Klees: July 2008.

Mr. David Schell: Right. About that time.

Mr. Frank Klees: Okay.

Mr. David Schell: I have the draft of the actual finalized objectives, the audit objectives as well as the legal objectives, as of July 2008.

Mr. Frank Klees: Could you table that with the committee, please? I appreciate that.

Mr. David Schell: Yes.

Mr. Frank Klees: Thank you, Mr. Clerk.

I understand that this particular audit was triggered by a discussion that was beginning to take place or was in place relating to the proposed consolidation of Ornge's financials with the government's. Were you privy to those discussions by way of context, by way of background?

Mr. David Schell: The provincial controller invited me and my director over for a meeting, but I believe that was after the decision was made that the consolidation would occur. But he did ask our opinion and we had some of the support that Ornge was putting forward to support their opinion as to why it shouldn't be consolidated. We discussed that with him. He wanted our opinion, even though I think it had happened already, but we had a conversation, and that's when we also had the conversation about potential objectives, potential strategy, what were the best things for the people of Ontario to include in that internal audit engagement.

Mr. Frank Klees: Were you privy to those discussions regarding consolidation leading up to the final decision about—

Mr. David Schell: No, I don't believe so. It was kind of after. I believe it was in the early spring and the decision had been made previously. But he did want to talk to us about it.

1440

Mr. Frank Klees: Do you recall the reasons given by Ornge as to why they should not be included in that consolidation?

Mr. David Schell: Yes. I reviewed the support that they had put forward in detail—some of it compelling, some of it not. It was a grey issue at the time. However, obviously, the provincial controller made a decision.

Mr. Frank Klees: Can you just highlight for us some of the key reasons that Ornge did not want to be included in the consolidation?

Mr. David Schell: I don't have that detail here.

Mr. Frank Klees: Can you provide that for us?

Mr. David Schell: We have a file about that whole topic, in my office, and I'm sure that would be there, so I could provide it.

Mr. Frank Klees: Okay, I would—

The Chair (Mr. Norm Miller): The auditor would like to comment.

Mr. Jim McCarter: It revolves around the issue of control. If they're considered controlled by the government, then they're basically included in the statements. I would agree that, basically, this was a grey one. But their argument would be along the lines of, "We're not controlled by the government; therefore, it should not be consolidated."

Mr. Frank Klees: All right. Thank you.

I would appreciate receiving a copy of that file, and I would want, Mr. Chair, to ensure that we have all of the documentation in that file. That would include correspondence between the ministry and any records relating to phone calls on this issue, so that we know who was involved in advocating on behalf of Ornge on that. If we could have that undertaking.

Mr. David Schell: Yes, I have some of that.

Mr. Frank Klees: Thank you. Mr. Schell, I'd like to know from you: When you received this audit, what did you do with it?

Mr. David Schell: At what stage?

Mr. Frank Klees: From day one. It was delivered to you. You now have the product.

Mr. David Schell: Are you talking about the draft report or just—

Mr. Frank Klees: Let's start with the draft, because I understand there were stages. The first time that you received a report, do you have the date available?

Mr. David Schell: Yes, I do.

Mr. Frank Klees: What was that?

Mr. David Schell: Just one second. It was in January 2009. I'm just looking for the date.

Mr. Frank Klees: It would have been January 2010?

Mr. David Schell: No, 2009.

Mr. Frank Klees: In 2011?

M^{me} France G linas: Nine.

Mr. Frank Klees: Oh, nine. Sorry. Yes, of course.

Mr. David Schell: January 21, 2009: preliminary MNP draft report received by HAST.

Mr. Frank Klees: What did you do with that draft report?

Mr. David Schell: The draft report—I obviously gave it to the ministry after we had a look at it. The ministry had big problems with the factual accuracy of the report.

Mr. Frank Klees: With the factual accuracy?

Mr. David Schell: That's right. One of our responsibilities, obviously, is to make sure the final report is factually accurate.

One of the key components that they thought was factually inaccurate was, the initial report concluded that the emergency health services branch, basically who oversaw the program, was non-compliant with the transfer payment accountability directive, which they took great exception to.

Mr. Frank Klees: So the draft report stated that the emergency health services branch was not in compliance.

Mr. David Schell: I don't know whether it said the branch or the ministry. They were obviously the branch that was responsible for the oversight and compliance with—I could go back to that draft; I don't have it here with me.

Mr. Frank Klees: Okay. Well, it's kind of important—

Mr. David Schell: Yes.

Mr. Frank Klees: —because part of the challenge that we have in this issue is that there's such a lack of transparency in terms of what the role of the ministry was, what the ministry knew and when the ministry knew it. Some of us—well, let me not speak for anyone else on this committee. I have concerns that the Ministry of Health failed far too often in its oversight responsibilities, as defined within the performance agreement. I'm convinced that we wouldn't be here today if, in fact, there had been stronger oversight on the part of the Ministry of Health.

This is very interesting for me that we had a draft report that implicated the emergency health services branch for a lack of compliance, and then the emergency health services branch had an opportunity to clean that report up.

Mr. David Schell: No. They didn't clean the report up, just to put that in proper context. That's not the process. It's quite frequent for audit reports to contain factual inaccuracies. That's quite common, and that's why we forward out draft reports, get their comments. They provided to MNP and ourselves quite a thick document—40, 50 pages; I forget what it was—to support their opinion that they were compliant.

Mr. Frank Klees: Okay. So after they provided their contrary opinion that they were compliant, what did the final report end up looking like?

Mr. David Schell: Actually, the report, as of March 30, 2009—there were quite a few versions of this report. I forget the exact number; it might be seven, eight, nine. At that point, it says that they were compliant.

Mr. Frank Klees: So it went from non-compliance to compliance?

Mr. David Schell: Within a little more than two months.

Mr. Frank Klees: Forgive me for my cynicism. I have to tell you, I already had some concerns about how this report was written because, as I said yesterday, if you just read the headlines, it actually is quite complimentary. When you start digging a little deeper, you have some serious concerns and there are a lot of red flags. Now we're hearing that there were eight versions of this report—

Mr. David Schell: Approximately.

Mr. Frank Klees: —and it went from the emergency health services department or branch being declared non-compliant on a number of issues to the final version, where, somehow miraculously, they were found to be compliant.

Mr. David Schell: It was non-compliant on the big issue of compliance with the directive.

Mr. Frank Klees: But you understand why one would question this?

Mr. David Schell: If I could—

Mr. Frank Klees: Please.

Mr. David Schell: The branch had said that MNP was there very briefly at the branch. They didn't perform an exit meeting, which would be normal. They didn't clear the factual accuracy when the field work exit meeting would have occurred. The branch, for instance, wasn't asked to provide that kind of support. Those are the kinds of things the branch was saying against MNP.

Mr. Frank Klees: Mr. Schell, did you have—and I'm going to move to the final report now. That's what was tabled. That was made public. Did you have a role in analyzing this report?

Mr. David Schell: Absolutely.

Mr. Frank Klees: And did you write a report to anyone? How did you then report to the Ministry of Finance or the Ministry of Health? Did you make any observations, formally, in writing, concerning this report?

Mr. David Schell: We debriefed the executive of the Ministry of Health and Long-Term Care—I have the date—April 3, 2009.

Mr. Frank Klees: April 3, 2009?

Mr. David Schell: Yes. That would be the chief administrative officer, Dawn Ogram; the executive lead, Ruth Hawkins; Malcolm Bates—I believe Malcolm Bates was there, either in person or in teleconference. We went through that report in detail answering their questions.

Mr. Frank Klees: I'm assuming that you would have created a written summary highlighting certain areas of concern.

Mr. David Schell: I'm not sure about that, Mr. Klees. It may have been some rough notes on the report. There were no formal minutes taken, so I'm not sure what detail of that meeting we had.

Mr. Frank Klees: If you wouldn't mind, when you're looking at that other file, checking to see if you have some notes and include that in the documentation you'll provide us.

Mr. David Schell: Yes.

Mr. Frank Klees: To your best recollection, then, in that meeting, what were your conclusions or what did you have to say to these folks at the Ministry of Health?

Mr. David Schell: My director, Ken Flynn, was doing most of the debriefing. I just thought I'd mention that. But I was involved, obviously, as well. We just went through the main concerns in the report, the key draft recommendations, answering their questions about some of those key—it was probably an hour meeting, and we went through quite a bit of detail.

Mr. Frank Klees: Was there any one of these 26 recommendations that stood out particularly, that you spent more time on than another?

Mr. David Schell: Nothing comes to mind off the top of my head, but we obviously took what we considered

the most serious and spent time on those to make sure that they were debriefed properly.

Mr. Frank Klees: Which would have been the most serious that you would have discussed?

Mr. David Schell: I'm just going back to that report that we used for the debriefing. We went through some of the items, for example, the issues at Ornge when they were not in compliance with the PA; there are quite a few things there. I'm starting to recall—they were certainly interested in the foreign currency, the hedging, or the lack of hedging. My director was an expert in that area.

1450

Mr. Frank Klees: That was related to the bond offering?

Mr. David Schell: Right.

Mr. Frank Klees: Okay. So there was concern expressed there?

Mr. David Schell: Yes, that was one of the big ones there.

Mr. Frank Klees: With regard to that, there was specific reference made to the capital payments that would begin in 2012, escalating to \$7 million a year. Was there any discussion around that?

Mr. David Schell: My director, like I said, was an expert in that area. He went into quite a bit of detail regarding that. I can't say off the top of my head; it was more than three years ago. But I know that topic was discussed in detail.

Mr. Frank Klees: And what else?

Mr. David Schell: Just bear with me one second. The communication—frustration, confusion, conflict, I believe that was mentioned. That was never obviously a good sign.

Mr. Frank Klees: When you say "conflict," would that be conflict of interest?

Mr. David Schell: No, that was in relation to the communication between the ministry and Ornge.

Mr. Frank Klees: Between the ministry and Ornge.

Mr. David Schell: Right.

Mr. Frank Klees: Okay.

Mr. David Schell: I'm just kind of scanning that draft report at the time. Nothing sticks out in my mind particularly.

Mr. Frank Klees: So you're reading from a document that you used for that debriefing. Is that it?

Mr. David Schell: That's correct.

Mr. Frank Klees: Can you table that document with the committee as well?

Mr. David Schell: Sure.

Mr. Frank Klees: Thank you. Do you know what happened to this report after your debriefing?

Mr. David Schell: As in, for instance—I'm not sure.

Mr. Frank Klees: What action would have—

Mr. David Schell: By the ministry?

Mr. Frank Klees: By the minister.

Mr. David Schell: I don't know.

Mr. Frank Klees: Did you ever hear anything again about this report after your debriefing?

Mr. David Schell: About action taken at that time? Is that what you're—

Mr. Frank Klees: Yes. Was there any further discussion in your branch, in your ministry, with anybody? Did anyone contact you after the fact to clarify? Was there any further discussion?

Mr. David Schell: Well, nothing comes to my mind off the top of my head about further discussion. I mean, obviously, we were still trying to work through the report, and getting it out to Ornge happened months later. We were wanting the ministry to approve us to issue the report to Ornge, which happened a little later. So what they did with their report—I don't specifically remember what might have happened there with that draft report.

Mr. Frank Klees: So the report was with the ministry for how long before the ministry authorized it to be released to Ornge?

Mr. David Schell: I don't know exactly the date that we had their approval, but I know that the date that we sent it to Ornge was around September. I have that date here.

The Chair (Mr. Norm Miller): Mr. Klees, you have about six minutes of your total time left.

Mr. Frank Klees: Okay. Well, in any event—

Mr. David Schell: September 17, 2009.

Mr. Frank Klees: Mr. Schell, as someone involved in internal audits, familiar with these types of reports and knowing what was contained in the report, what would your expectation have been that the Ministry of Health would do with this?

Mr. David Schell: Some entities would take action quickly, to address draft recommendations even, to get ahead of the game, shall we say, before they became final. Others would wait until the final report was received because, especially in a case where there were factual inaccuracies in a report, they might say, "Let's wait until the whole report is cleared for factual accuracy before we take"—because there was quite a bit of disagreement about the factual accuracy. It might be either of those scenarios.

Mr. Frank Klees: Is it fairly chronic that reports—this report cost the government about \$300,000—

Mr. David Schell: Actually, it didn't. That was a mistake yesterday. Ms. Kiel—

Mr. Frank Klees: If you could clarify that for us, then.

Mr. David Schell: This is to my knowledge. I managed the contract. The contract was for \$199,475. The total amount paid out was \$198,495.96, consisting of \$195,475 of professional fees and \$3,020.96 of expenses. MNP had sent me a lot of invoices wanting extra dollars.

Mr. Frank Klees: And you didn't pay them?

Mr. David Schell: No. I wasn't, I suppose, in her good books.

Mr. Frank Klees: Because Ms. Kiel was very definite that there was an uptick of some \$95,000 because of delays.

Mr. David Schell: Yes, I was surprised when she said that yesterday. She wasn't involved in any of the billing.

It was all done with other people at MNP who I dealt with, John Caggianiello and others. I don't think I ever discussed billing with her.

Mr. Frank Klees: If they're watching this, they may come after you for the other \$95,000 when they realize that you didn't pay it.

Mr. David Schell: They're not going to get it.

Mr. Frank Klees: The concern that we have here is that there were so many, particularly in this report, red flags about things that were going on. Would you agree with that?

Mr. David Schell: Yes.

Mr. Frank Klees: And if you would have been at the Ministry of Health, what would you have done with this report?

Mr. David Schell: I'm an internal auditor. I don't want to go there. That's what the ministry's responsibilities are. My responsibilities are to prepare—

Mr. Frank Klees: Well, you did your part. You prepared the report. You pointed out that there were serious concerns. It was then up to the CAO and others in the emergency health services branch to do something about it. The first signal they had was on April 3rd, 2009, that there was a problem. Apparently, this didn't mean enough for them to bring it to the minister's attention, because it wasn't until December 2011 that the minister woke up to the fact that there might be a problem at Ornge. Talk about a communication problem: It wasn't just between Ornge and the Ministry of Health; it was within the Ministry of Health. I'm not sure what it's going to take, Mr. Schell, to convince the minister that she has a serious problem within her ministry. If I was the minister, I would be going to these folks who had this meeting with you on April 3rd, 2009, and say, "Why wasn't I told?" But we may never know the answer to that. I thank you.

The Chair (Mr. Norm Miller): We shall move to the NDP. Ms. Gélinas?

M^{me} France Gélinas: I'm pleased to meet you, Mr. Schell, and thank you for coming. The first question is very much along the same line as Mr. Klees's first question, but the point I don't understand is, how do those requests for the review come to be? I'm not that interested as to why we went outside or inside; I'm more interested as to, why?

Mr. David Schell: The normal audit process is we do audit planning annually. It usually starts around January and concludes—we prepare an audit plan for the ministry's consideration and it's usually tabled in our audit committee around April of every year. We'll go around and interview key directors and most of the executive. We get their thoughts and we also do our risk assessment about what areas—there's around 50 branches in the ministry. Based on risk criteria, we'll develop an audit plan for their consideration. We'll take their input and also engagements that they want for sure included in the audit plan. We'll have some thoughts and we'll get input from them, and they'll have some thoughts. We'll put together a draft plan and we'll

present it at the audit committee for their consideration for approval. And then, in addition to that, throughout the year there's always ad hoc requests. So, something could come up in August aside from the plan and they may want a certain topic looked at, and we'll take it on.

1500

M^{me} France Gélinas: Would you remember how this one came to be? Was it an ad hoc? Was it from your risk assessment criteria, or did it come from the branch that says, "We'd like you to look at this"?

Mr. David Schell: Yes, that's a good question. I think it was included on the original audit plan that year. I don't have that audit plan with me here today. I think it was. It was right at the start of that fiscal year when they would have requested it, and maybe also the audit committee might have been held in May that year. Therefore, if it was requested May 1, the date that I have—

M^{me} France Gélinas: Okay, so it was not an ad hoc. Can you tell—

Mr. David Schell: I don't think it was an ad hoc.

M^{me} France Gélinas: So can you tell if it came from your risk criteria assessment or if it came from the branch requesting it?

Mr. David Schell: I can't say for sure, but I believe it was a request by the branch, rather than something we had put forward. That's my feeling on that.

M^{me} France Gélinas: Okay. And when the branch requests an audit, do they have to tell you why they want such-and-such a thing audited?

Mr. David Schell: Well, usually, we always seek—the ADM approval has to happen. It's not at the branch level. We insist on the ADM sending us a formal letter saying, "We request this engagement to be performed," and then we'll action that letter.

M^{me} France Gélinas: So for Ornge, did you receive a letter from the ADM?

Mr. David Schell: If it was an ad hoc, we would have. If it was on the original plan, we wouldn't have, because that would have been approved in audit committee as the normal course of business.

M^{me} France Gélinas: Okay, so during the normal course of business, some idea or suspicion arises, and then, once you have your committee, they say, "I pick this one and this one, because something is going on."

Mr. David Schell: Yes. I mean, internal audit is there to help them to meet their business objectives.

M^{me} France Gélinas: How does an audit help one meet business objectives?

Mr. David Schell: Well, we'll draft objectives and scope for things that they would like looked at. We're all over the health care system. We're in long-term-care homes, hospitals, family health teams, right across—public health units; ministry, obviously; classified agencies; we're into eHealth Ontario right now. So—

M^{me} France Gélinas: So this little agency had raced close enough to the top to be included in your plan for that year?

Mr. David Schell: Well, yes. Again, if they want an ad hoc request, we're not usually one to say, "Well, that

doesn't meet the test." They may want it looked at, and we wouldn't push back and say, "No way. We're not doing it."

M^{me} France Gélinas: Okay, no. But you don't remember it being an ad hoc. You remember—

Mr. David Schell: I don't remember it being an ad hoc. The timing of the request, May 1, was right around the time of the audit committee. If this was September 1, it definitely would be an ad hoc. But I'm not sure of the timing of that audit committee.

M^{me} France Gélinas: Okay. Yesterday we had an opportunity to hear from Mrs. Kiel, and she put quite a bit of emphasis on saying recommendation number one had to do with the corporate structure. Did you agree that this was their number one recommendation because it was not through the luck of the draw, but because it was one of the red flags?

Mr. David Schell: I agree it was a significant issue.

M^{me} France Gélinas: It was a significant issue. So this is an issue that was never—through the beginning until the end, it was an issue that was factually accurate and not one of the ones that was debated, or was it—

Mr. David Schell: I can't say for certain on that. I'd have to look through the documents.

M^{me} France Gélinas: Okay. But it certainly is an issue that made it until the end, until the final report, because we have it in front of us and it's there.

Mr. David Schell: Again, there were seven, eight, nine versions of the report, so I'm not—you know, I have all those, obviously, so I could see if it was included in the first one or just in the ninth one, for example.

M^{me} France Gélinas: Okay. But you agree that it was a significant issue. So when you—

Mr. David Schell: Well, there was also a legal review looking at the corporate structure that was happening concurrently. That—

M^{me} France Gélinas: There was a what review?

Mr. David Schell: The legal review looking into that. So the ministry had concern about the corporate structure, because the legal review, whose objectives were set in July 2008—and actually, we were tasked by the executive to be a conduit for information flowing between Ornge and MOHLTC legal services related to that legal review. The legal review went on, and actually, to my knowledge, it wasn't completed. We asked for a copy of the report; they never gave it to us. It wasn't completed until after this report was issued, if it was completed. I assume it was completed.

M^{me} France Gélinas: Okay. So in July 2008, as you're getting ready to do your review of Ornge, there's also a legal review that is going on.

Mr. David Schell: It started at the same time.

M^{me} France Gélinas: That started at the same time. Yours was supposed to be completed in a couple of months. It ends up taking over two years before the final—it's 2010 by the time the final review is tabled. By 2010, the legal review has not been completed.

Mr. David Schell: That's correct.

M^{me} France Gélinas: In your—

Mr. David Schell: They also said, the lawyers, who were Mel Springman and Bill Georgas, that they wanted to see the final report before they would conclude their review.

M^{me} France Gélinas: Okay. But since then, you haven't seen—

Mr. David Schell: They wouldn't give it to us. I asked.

M^{me} France Gélinas: All right. So when we hear that recommendation number 1 from the review is to be looked at seriously, they were looking at it through their legal department. Were there issues that were specific to your area versus legal?

Mr. David Schell: The legal objectives, as you'll see, are for lawyers to perform. That piece was carved off for lawyers, and we had the piece related to accountants.

M^{me} France Gélinas: Okay. You saw it as a significant issue. Do you still believe that it was a significant issue in what ended up being what we have now?

Mr. David Schell: I mean, a significant issue to get some assurance about and comfort that they would be—I would imagine the ministry will have assurance and comfort about that.

M^{me} France Gélinas: The recommendations are to get the government to get reassurance and comfort about the corporate structure. They get this from you; they have a legal review doing the same thing, I guess, to try to get them this reassurance and comfort. But yet, the Auditor General goes in. The corporate structure has actually ballooned since you did your review, and the comfort is still missing.

Mr. David Schell: I don't know what comfort they had. I hadn't seen the final report on the legal review, so I don't know what comfort they had.

M^{me} France Gélinas: Okay, but for you, it was something that needed reassurance.

My colleague wants to ask a question.

Mr. Jagmeet Singh: I just want to summarize some of the findings and some of the things that we've all talked about. Tell me if I have it right.

First and foremost, you liaison directly with the ministry. As an auditor, you provide the results of audits directly to the ministry. Is that correct?

Mr. David Schell: Yes. We issue the final report, usually to the ADM of the responsible division—

Mr. Jagmeet Singh: Perfect.

Mr. David Schell: —and c.c. the audit committee.

Mr. Jagmeet Singh: So to put it bluntly, what you find—there's no way that the ministry doesn't know about it. If you know something, the ministry knows it as well.

Mr. David Schell: We issue all our final reports to the audit committee.

Mr. Jagmeet Singh: So there's no way they could say, "Well, we didn't know about that."

Mr. David Schell: Not the final reports, no.

Mr. Jagmeet Singh: Okay. And in the final reports—the number one MNP finding was there were some issues and concerns around the corporate structure and that the

ministry should take some steps to become more comfortable with that. That was very clear. Do you agree with that?

Mr. David Schell: Well, I am agreeing that it was a significant recommendation.

Mr. Jagmeet Singh: Okay. And parallel to this audit, there was a review going on from the legal team. They were looking into the corporate structure. The legal services—

Mr. David Schell: You probably have the objectives there from what I—

Mr. Jagmeet Singh: Exactly. So that was going on as well. Is that correct?

Mr. David Schell: Yes.

Mr. Jagmeet Singh: Do you agree that comparing the findings of this audit—if you compare it to the findings of the Auditor General, there are a lot of similarities. A lot of the concerns that were raised initially in that audit were some of the very same concerns that were raised by the Auditor General. Do you agree with that?

Mr. David Schell: In some cases, yes.

Mr. Jagmeet Singh: There were a number of years to act. Though there were delays, this final report was issued in 2010. The Auditor General's report was at least two years later.

Mr. David Schell: A little over one year later—oh, yes, actually, a year and a half.

M^{me} France Gélinas: A year and a half later.

Mr. Jagmeet Singh: Just under two years, let's say.

1510

M^{me} France Gélinas: I truly believe that what you do adds value. You put in black and white serious issues, but we only get value if they're acted upon. Would you say, in your experience, that usually, after you do the work of doing your review or doing an audit, that generates action?

Mr. David Schell: Absolutely. We follow up one year later, usually with all audit reports, as to the status of the implementation of recommendations.

Mr. Jagmeet Singh: And in this case, what was the status of the implementation?

Mr. David Schell: My director decided for this particular one—because the Auditor General was in there and about to release his report, we had thought to defer that follow-up for this particular one. This is a rare exception that that would happen.

Mr. Jagmeet Singh: Now, having seen the Auditor General's report, it looks like there was very little to no implementation of the recommendations. Would you agree with that statement?

Mr. David Schell: I'm not going to go there right off the bat as to what was done by the ministry. That's their responsibility. I don't have the implementation status of those recommendations to be able to agree with that.

Mr. Jagmeet Singh: Would you be able to infer from the fact that the corporate structure, which was already in question, ballooned into an even more complex corporate structure that resulted in significant issues, one of them being public funding being transferred into the private

side—you could infer from that very clearly that the concerns raised by the MNP audit and the recommendations in 2010 were not addressed if, by a year and a half later, the Auditor General found even more issues.

Mr. David Schell: I know that the corporate structure had ballooned to 21 or 22 entities because I was in Ornge in January and February of this year.

M^{me} France Gélinas: Twenty-one or 22. That's even worse than what we have in this picture—

Mr. David Schell: Approximately.

M^{me} France Gélinas: All right. Lucky you.

This starts in 2008—sorry, by April 2009, we have a draft report. Would it be a common occurrence that ministries start to work on draft reports? If a review is done, they flag something to be looked at—okay, some of it may be questionable but not the entire report—

Mr. David Schell: It's quite common to take action early on when a draft report is received.

M^{me} France Gélinas: So really, for some of it, it would be from 2009 to 2012 that there was an opportunity to take action, or am I dreaming this up?

Mr. David Schell: Like I said, perhaps the ministry had concerns about the factual accuracy of the report and wanted to wait till this was issued, which was November 2010.

M^{me} France Gélinas: September.

Mr. David Schell: It was November. They issued us the report in September. We had it forwarded to MOHLTC legal services, as all the reports go to them before we release them. I believe that took a few weeks—three or four weeks—before we got their take on it. And we issued—I believe it was November 4.

Mr. Jagmeet Singh: If we frame it in terms of red flags, in terms of the ministry being aware of concerns in Ornge—if we frame it in that sense. The ministry was aware, we can infer—not even infer. The fact that a draft report was given to the ministry and it had concerns raised in that draft report, that would be a red flag for the ministry. They would be able to say, “Okay, these are some concerns that an independent auditor, the MNP—auditors have gone in and found these concerns.” As soon as that draft report hits the ministry, they're aware of these concerns, right off the bat.

Mr. David Schell: They're aware of them.

Mr. Jagmeet Singh: They're aware of them.

Mr. David Schell: Yes, of the draft recommendations, the draft observations.

Mr. Jagmeet Singh: And like you said, many times when you see a draft report or draft recommendations, work begins right away to implement or to address those concerns.

Mr. David Schell: Yes, and sometimes they wait.

Mr. Jagmeet Singh: Sometimes they wait.

Mr. David Schell: There are some times they take immediate action and sometimes they wait. It's a combination.

M^{me} France Gélinas: So in 2008, we start to flag the corporate structure, an audit is done, legal opinion is sought, and we have recommendation number one that

says that you have to clarify this to get—“comfort” is the word that you use. I suppose the legal opinion gets wrapped up at some point and their recommendation goes as well. This corporate structure continues to grow. We have a Minister of Health who says the corporate structure was not the problem and that she doesn’t see a problem with the corporate structure. What does she know that the rest of us don’t know?

Mr. David Schell: I’m not going to comment on that.

M^{me} France Gélinas: Is there anything in there that I’m missing that would give us comfort that the corporate structure did not need looking at?

Mr. David Schell: In where?

M^{me} France Gélinas: In the report that you commissioned, the Review of Air Ambulance and Related Services.

Mr. David Schell: Right. The report had recommendations. If I can just look at it.

M^{me} France Gélinas: Recommendation number one, page 73.

Mr. David Schell: Yes, so, “must discuss and document” the ministry’s “concerns regarding Ornge’s corporate structure and enter into agreed-upon revisions to their contractual relationship, if any, that are required to give the” ministry “more comfort regarding Ornge’s corporate structure....” It’s very clear. I’m not sure what your question was.

M^{me} France Gélinas: My question is that this is recommendation number one. It is written there in black and white, and I understand it, I think, the same way you do. This is an issue that needs to be looked at.

Mr. David Schell: That was the recommendation.

M^{me} France Gélinas: That was the recommendation. We have, believe me, dug pretty hard to find any action. You had an opportunity to see if action was done, but it was decided that, given that the Auditor General was in there, you were not going to do a one-year review.

Mr. David Schell: It’s just asking the ministry what the status of the implementation is. We actually don’t do a review, but we forward them the recommendations and say, “What’s the implementation status? What is the time frame when they’ll be addressed, or have they been addressed?”

M^{me} France Gélinas: And you do this a year later? You don’t do this before?

Mr. David Schell: We do it a year later—that’s our process—and then every six months thereafter.

M^{me} France Gélinas: Okay, and have you done that since?

Mr. David Schell: No, we haven’t.

M^{me} France Gélinas: And the reason is?

Mr. David Schell: Those decisions are made at the director level. That’s not up to me.

M^{me} France Gélinas: Because somebody within your branch said, “We didn’t need to do the review.”

Mr. David Schell: No, no; I didn’t say that. I’m actually not sure why it hasn’t been done subsequently. The Auditor General’s report came out in March and so perhaps a decision on that will be made soon.

Mr. Jagmeet Singh: I’m just going to ask you about another area that was flagged, and that was communication. Was that something that was raised in the draft report as well, the fact that communication between Ornge and the ministry, some of the language used was—there was “confusion,” “frustration”—some strong language was used?

Mr. David Schell: Yes. In the March 30, 2009, report it states, “This has caused some frustration, confusion and conflict for both Ornge and” the ministry. “Some activity did not result in meaningful, collaborative dialogue between Ornge and” the ministry. Of course, the heading there is “Communication between Ornge and MOHLTC.” “Both parties should commit to a process of continuous improvement in an effort to develop an effective communication plan....”

Mr. Jagmeet Singh: So that recommendation in the draft form—the ministry was aware of that in 2009?

Mr. David Schell: What I just read?

Mr. Jagmeet Singh: What you just read, right. That was in 2009?

Mr. David Schell: Yes.

Mr. Jagmeet Singh: So, if today the ministry says, “We were having difficulty getting information. It was hard for us to find out what was going on,” and they say that that’s an issue that they were just aware of in 2012 or 2011, we have some clear evidence that this issue of communication was raised as early as 2009 and that it was flagged as a concern.

Mr. David Schell: What I just read you was the March 30, 2009, draft report.

Mr. Jagmeet Singh: Okay. Would you agree with me that the issue of a lack of communication or at least a problem with communication was raised as early as 2009 and was not something that was a surprise in 2011 or 2012? There’s at least a notice of that.

Mr. David Schell: It was raised in this report, March 30, 2009.

M^{me} France Gélinas: I want to come back to the delays. You followed the testimony from Ms. Kiel.

Mr. David Schell: Yes.

M^{me} France Gélinas: Yesterday, she went through great detail with me as to what happened when, from the September 4 request for documents; September 9, fieldwork etc. On April 7, she talks about the draft report to the Ministries of Health and Finance; on September 9, Ornge etc. She led me to believe that she expected the review to be wrapped up in a few months.

1520

Mr. David Schell: We were hoping.

M^{me} France Gélinas: In your mind, can you justify all of the delays as being legitimate, or were some of the delay tactics from Ornge to not get scrutinized?

Mr. David Schell: I’m not sure if “stonewalling” is too hard a word from Ornge, but there was an inordinate amount of delay on their part.

M^{me} France Gélinas: An inordinate amount of delay from the part of Ornge to get you answers.

Mr. David Schell: And they of course appointed a legal counsel to lead the clearing of the factual accuracy, which is highly abnormal in my 31 years of public sector—

Mr. Jagmeet Singh: That, in and of itself, is that a flag to you or a concern? This is the first time it has ever happened that an entity or institution has got a legal team there to clear up these—

Mr. David Schell: I don't know if it's the first time it has ever happened with me, but I can't remember the last time it has happened. It's almost always usually an accountant that would clear a financial-oriented report.

Mr. Jagmeet Singh: Right. And the fact that that happened, was that something that raised any concerns?

Mr. David Schell: Absolutely. I wanted the report cleared for factual accuracy and issued, so yes, it caused me concern.

Mr. Jagmeet Singh: Was that concern passed along to anyone, the fact that they were lawyering up?

Mr. David Schell: Of course, the ministry knew and who they had appointed. My director was involved. Yes, it was common knowledge that that's the person that Mazza wanted, Catherine Rosebrugh, I believe the name was. Of course, she fell ill then and they had someone else afterwards, causing further delay. It was challenging and frustrating. I was trying to push this out the door. There was constant—you heard MNP yesterday saying internal audit was trying to get weekly meetings, doing prompt QA on the file and giving them review notes, trying to push getting meetings. I had a long list of meetings that I had; I went back through my calendar.

Mr. Jagmeet Singh: Is there anything the ministry could have done? If a transfer agency like Ornge is delaying and not providing information right away, can the ministry say, "Listen, we're providing you with the funding. You're essentially solely funded through the ministry, through taxpayer dollars. You must comply immediately and get this done." Is there something the ministry could have done to step in to get them to speed up their process and not delay?

Mr. David Schell: That's an interesting question. Obviously it was in the ministry—obviously, yes, at the highest level, you could have had that branch prepare—clear the report for factual accuracy. I'm not exactly sure what they could have done with Ornge. They're an independent entity separate from government. Obviously, they're a transfer payment recipient. But this is challenging the whole process of trying to clear the report for factual accuracy.

M^{me} France Gélinas: In your experience, you've never seen a government agency tell a transfer payment agency, "You will receive whatever transfer you were receiving last year. We're not going to change your budget until you comply with what we want you to do"?

Mr. David Schell: Well, I'm an internal auditor, so that's what the ministry does.

M^{me} France Gélinas: But they didn't do any of this with Ornge. They just—

Mr. David Schell: I'm not sure what they did on that.

M^{me} France Gélinas: Whatever they did was not effective, because it dragged on for two years.

Mr. David Schell: It did drag on until November 2010.

M^{me} France Gélinas: We'll hold our last minutes for the next round.

The Chair (Mr. Norm Miller): Okay, very well. We'll move to the government. Mr. McNeely.

Mr. Phil McNeely: Thank you, Mr. Schell, for being in here. This committee has heard quite a bit about the MNP report. In fact, we heard Margriet Kiel, an internal audit practice leader at Meyers Norris Penny, yesterday. Can you go over your role again for this committee for the MNP review of Ornge, starting with drafting the—I think we have seven separate areas that the consultant was supposed to cover—

Mr. David Schell: Right.

Mr. Phil McNeely: —but you mentioned 10.

Mr. David Schell: Some of that was incorporated in the legal review. It was found better to put that in the legal review, some of those additional ones. It's normal to have a bunch of objectives that I would do up and the ministry to pick the most salient ones, that they thought were the most significant. That's a normal thing to occur.

Mr. Phil McNeely: You were satisfied with the seven that were presented?

Mr. David Schell: Yes.

Mr. Phil McNeely: Okay. Prior to the review of Ornge, had you worked at MNP?

Mr. David Schell: No. I have been in the public sector my whole life.

Mr. Phil McNeely: My understanding is that the Ontario internal audit division, under the Ministry of Finance, usually conducts audits internally. Is that correct? You normally do them yourselves?

Mr. David Schell: Pardon me?

Mr. Phil McNeely: You normally do the internal audits yourselves?

Mr. David Schell: We normally do them ourselves, yes.

Mr. Phil McNeely: And you mentioned in earlier evidence that this was a period when there was a lot of work to do—

Mr. David Schell: We're always extremely busy.

Mr. Phil McNeely: And that, you feel, is the only reason that you went out to a private consultant?

Mr. David Schell: I remember we were busy at the time. I'm not sure it was the only reason, but I know we were busy. We're always busy, so that's normal.

Mr. Phil McNeely: So you drafted the terms of engagement and MNP signed an agreement with whom? With the Ministry of Finance?

Mr. David Schell: Dawn Ogram signed the contract—

Mr. Phil McNeely: Is that the Ministry of Finance?

Mr. David Schell: No, that's the Ministry of Health and Long-Term Care, the assistant deputy minister, who had that level of delegation of authority. It was the director of the health audit service team, Ken Flynn, and

it was the partner—I believe it was John Caggianiello who signed the SLA from Meyers Norris Penny.

Mr. Phil McNeely: On page 2 of the MNP report, it summarizes the terms of engagement as follows: “to review specific areas relating to organizational effectiveness in connection with the delivery of air ambulance and related services provided by Ornge to the province of Ontario....”

It also states, at pages 11 and 12 of the report, that MNP looked specifically at seven objectives, so we’ll go through those:

- an assessment of financial management processes;
- an assessment of the appropriateness of Ornge’s procurement processes;
- an assessment of the integrity of the financial and service data reports provided by Ornge to the ministry;
- an assessment of whether Ornge was in compliance with the performance agreement;
- an assessment of whether Ornge was using provincial funds economically and efficiently;
- an assessment of the enterprise risk management framework; and
- an assessment of the governance and accountability framework and mechanisms in place within the ministry and Ornge.

Is that an accurate overview of what the engagement for MNP was?

Mr. David Schell: Absolutely.

Mr. Phil McNeely: You say the Ministry of Health signed the contract with MNP. Who signed off on the payments?

Mr. David Schell: What happened there was, with the role that we play with internal audit, we would get the invoices from MNP and we would give the ministry assurance that the services were received from an audit technical viewpoint. So for every invoice, to my knowledge, that was received for this particular agreement, I put “services received, David Schell,” as the lead manager, and I gave that invoice to Malcolm Bates for payment.

Mr. Phil McNeely: To Malcolm Bates.

Mr. David Schell: Right.

Mr. Phil McNeely: There was some discussion of what the total dollars were. So \$195,000, plus—Ms. Kiel told us yesterday it was another \$95,000, I believe. It was almost up to \$300,000.

Mr. David Schell: I have no knowledge of that.

Mr. Phil McNeely: Pardon me?

Mr. David Schell: I have no knowledge of those—

Mr. Phil McNeely: You had no knowledge of that?

Mr. David Schell: No. I assume, in fact, I know, that the partner is—after the last payment was made and it was only \$198,000, they talked to me and said, “Okay, we’ll absorb this one. We had incurred this many more dollars on this contract”—a very high amount because of all the delays by Ornge. They told me afterwards, “This is something we’ll swallow this time.” I held a fast line on the contract total amount and, much to their chagrin, they accepted it. I said, “Perhaps on the next one, you’ll

have a better rate of return and you won’t have this kind of situation happen again.”

Mr. Phil McNeely: Would Ornge have paid them directly, the other \$95,000?

Mr. David Schell: No, definitely not.

Mr. Phil McNeely: I’m surprised that Ms. Kiel had that information for us yesterday.

Mr. David Schell: She wasn’t involved at all in the billing. It was always between me and John Caggianiello; there’s another partner, Geoff Rodrigues. I don’t think I ever talked to her about fees, and I received all the invoices. Maybe she was given that figure in her preparation and someone gave it to her, but to my knowledge, it’s totally erroneous.

1530

Mr. Phil McNeely: We’ll go to the MNP report now. There were 26, I think, recommendations. There was some discussion yesterday about what the report really said. Did you review the final report?

Mr. David Schell: Yes. I managed the engagement.

Mr. Phil McNeely: It was quite lengthy and detailed, but the overall conclusion of the final report—I will quote from page 2 of the final report: “Overall, our review indicated that Ornge is using provincial grant funding economically, efficiently and for the purposes intended in providing air ambulance and related services for the province.”

Do you agree that the overall conclusion of the MNP final report was quite positive?

Mr. David Schell: I agree that, in relation to objective 5, to what that statement relates, it was accurate, based on MNP’s review procedures relating to the source and use of funds.

Mr. Phil McNeely: The final report found a number of other positive conclusions, which I will briefly review for you.

With respect to procurement processes, at page 35, the final report concluded the procurement process was appropriate, documented and is in accordance with the performance agreement—the PA—best practices, and, in the spirit of government directives, ensuring openness, transparency, fairness, competitiveness and value for money.

Regarding compliance with the performance agreement, the final report noted that Ornge was not in compliance with some administrative sections. However, none of these issues affects the delivery of services. “We have concluded that Ornge is using grant funding efficiently, effectively and in accordance with the provisions of the performance agreement.”

Lastly, in respect of risk management, the final report found that, “Overall, our review indicated that the risk management approach and capability within Ornge is effective.” I take it that you would agree with me that those are also positive conclusions drawn by MNP?

Mr. David Schell: I would agree that they are the conclusions made.

Mr. Phil McNeely: But they’re positive conclusions. I think they’re all positive conclusions.

Mr. David Schell: They’re the conclusions.

Mr. David Zimmer: Sorry, I didn't hear that.

Mr. David Schell: They're the conclusions that they made. I'm not going to—how positive they were—

Mr. Phil McNeely: If I read the report, I would think these were very positive paragraphs.

Based on the findings of the final report, did you feel confident that Ornge was an effective organization that was using provincial funds appropriately? Would you not agree?

Mr. David Schell: I agree with the factual accuracy of the report. The emergency health services branch, Ornge, the health audit services team and the ministry executive all agreed that the report was factually accurate when it was released, or else we would not have released it. So I agree with everything that's in the report.

Mr. Phil McNeely: I assume you are aware that the Auditor General of Ontario recently completed a review and released a report regarding Ontario's air ambulance and its related services. Are you familiar with the report?

Mr. David Schell: Yes, I am.

Mr. Phil McNeely: The Auditor General's report details a number of issues at Ornge ranging from secrecy to financial irregularities. MNP's report was overall quite a positive report.

Would you agree that the MNP report did not find the same issues as the Auditor General did, and would not have caused any grave concerns for the minister? More specifically, the Minister of Health would have felt confident following the receipt of the MNP report. To quote the MNP report, Ornge was "using provincial grant funding economically, efficiently and for the purposes intended in providing air ambulance and related services for the province." Would you agree that the MNP report differed a lot from the Auditor General's?

Mr. David Schell: No. There was a different scope, different objectives. It was a different time period we looked at. Ours was before the Auditor General. Again, you're focusing on the one objective, number 5, in relation to that statement. There were a number of very serious recommendations in this report.

Mr. Phil McNeely: Based on the findings of the final report, did you feel confident that Ornge was an effective organization that was using provincial funds appropriately? I think that's the question.

Mr. David Schell: If that's the exact wording that's in the report, I agree with that, in relation to the review procedures that were performed, the source and use of funds in relation to what MNP did in relation to that objective.

Mr. Phil McNeely: I'd like to turn it over to Ms. Sandals to continue the time we have.

The Chair (Mr. Norm Miller): Ms. Sandals.

Mrs. Liz Sandals: Yes. Once you get a report like this and it has been completed, what's your expectation about what happens to it next?

Mr. David Schell: A draft report, a final report or—

Mrs. Liz Sandals: We understand that the process, in the case of this particular report, has been very painful, so it took a long time to get from the first draft of find-

ings to the final report. We understand, from the testimony yesterday, that that was a long, painful process—

Mr. David Schell: Yes, it was.

Mrs. Liz Sandals: —fraught with lawyers instead of accountants. But when you finally get a report, just generically, because you talked about the audit committee in response to, I think, the NDP question, you talked about the—and that's an internal audit committee that you're referring to.

Mr. David Schell: That's correct.

Mrs. Liz Sandals: So you've got this internal audit committee amongst various ministries?

Mr. David Schell: Each ministry has their own audit committee that's chaired by, usually, the deputy. All the ADMs usually sit on that, as well as the director of legal services, communications—

Mrs. Liz Sandals: So you've got this internal committee of ADMs and auditors that sits around and says, "Okay, I think we should do an internal audit on X and Y because we've got some issues that we're concerned about or we haven't done it for a long time, so this one is due," whatever the reasoning. It gets sent over to finance and you arrange to have the audit done.

Mr. David Schell: Yes.

Mrs. Liz Sandals: You've now got the audit done; what's the expectation about where it goes next?

Mr. David Schell: The final report gets issued, as I said, to the assistant deputy minister.

Mrs. Liz Sandals: So the report goes back to the ADM—

Mr. David Schell: Right.

Mrs. Liz Sandals: —and from finance's point of view, you're essentially done with it at that point.

Mr. David Schell: It's their responsibility to take action: whether they want to or not, whether they want to disregard recommendations, implement recommendations, whatever corrective action—

Mrs. Liz Sandals: Do you ever have any knowledge of what happens to the report after internal audit is done with it?

Mr. David Schell: As I stated, we follow up our normal processes, which happens with almost all engagements, a follow-up one year later.

Mrs. Liz Sandals: Except, in the case of this particular one, you were bumping into the auditor, so you said—

Mr. David Schell: That didn't happen in this particular one—

Mrs. Liz Sandals: —that's not terribly productive.

Mr. David Schell: —but that almost always happens. We're updated as to their reporting to us without us doing any more audit work, as to where they with their recommendations. Obviously the senior executive wants assurance that actions have been taken by the division, for example, related to audit recommendations, if they're appropriate, that are necessary for them to take action.

Mrs. Liz Sandals: I think the frustration that I have a little bit, maybe as a long-standing member of public accounts, is that there doesn't seem to be much of a connect between internal audit and the external audit, the legis-

lative audit—let's put it that way—by the Auditor General and the actual political minister's office. It's like internal offices of audit are sort of a bureaucratic process, and the part that becomes public is the Auditor General's work, because that's issued publicly, and there's sort of a lack of connection.

Mr. David Schell: I worked at the Auditor General of another province for six years and I'm aware of the interaction between an internal audit and the Auditor General. I think there's usually a healthier relationship. We share our audit plans. If we've done work—

Mrs. Liz Sandals: No, sorry. This is from a politician's point of view, okay? I'm beginning to get the feeling that from an auditor's point of view, the auditors talk amongst themselves. We know what happens to the auditor's work because the auditor's work ends up in the public realm and very much a political realm, whereas the work that goes on at internal audit doesn't necessarily even seem to rise up to the minister's office, necessarily.

Mr. David Schell: Our reports can be FOIed by the public, so they can go in the public domain.

Mrs. Liz Sandals: No, I get that, but it's not a visible process where—I'm not even suggesting it should—

Mr. David Schell: No, I'm just saying that we give it to the deputy, and that's where we stop as far as—

Mrs. Liz Sandals: Or the ADM—

Mr. David Schell: Every report goes to the deputy.
1540

Mrs. Liz Sandals: Okay. Because we're sort of looking at—you've had the benefit of reading the whole report. My sense is that if anything from internal audit ever gets to the minister's office at all, it's probably the two-page executive summary. This seems to be a classic example of the executive summary, the first few pages that somebody will pull off and put in a briefing note, being kind of disconnected from the impression you would get if you read the detail of the whole report.

Mr. David Schell: I'm not going to necessarily agree with that characterization, but I understand what you're saying.

Mrs. Liz Sandals: Yes, the executive summary of a report, if that's going to be what filters on up, which, realistically, if you consider something the size of the Ministry of Health—this isn't a Ministry of Health comment; this is just sort of a generic observation—what filters up to the political side of the organization is probably, at best, the executive summary.

Mr. David Schell: In many cases, the executive summary is the only part of the report that a deputy would read, even below that ministerial level.

Mrs. Liz Sandals: Yes, exactly. There's this group of accountants and people, maybe, in the branch, who are going to read through the details, and there's lots of valuable information in those details, but it's not at all clear that that valuable information gets reported up the chain. And you haven't been sitting around here for 70 days listening to us talk, but one of the themes that does seem to be coming out is not only a disconnect between ministry and agency in terms of sharing information, but some-

times the information doesn't get shared vertically within the ministry. Anyway, I don't know if you've got any comment on that.

Mr. David Schell: I would agree that at the highest levels, they wouldn't necessarily read an entire report, and that's the reason for an executive summary.

Mrs. Liz Sandals: Yes. Thank you.

The Chair (Mr. Norm Miller): Very well—

Mr. Jim McCarter: Just to step in for 30 seconds, I think the question was, was there any difference between our report and the Meyers report? Probably one big difference is, our number one conclusion was clearly that the oversight was not adequate, which was certainly different from the Meyers report. When I went through the Meyers report, I have to say, probably five of the seven objectives, I think, concluded fairly positively, and I think for two of the seven they did have a number of concerns. I think they did raise a number of red flags, but our overall message was probably, as Mr. McNeely said, a bit different.

Mr. David Zimmer: Sorry, I missed that comment.

Mr. Jim McCarter: Our overall message was basically that our biggest concern was that oversight was not adequate. I think that was a bit different than the message we got yesterday.

Mr. David Zimmer: Just so I understand: different from the message yesterday in what sense?

Mr. Jim McCarter: I think the message was, yesterday, on page 2, they said the overall conclusion was that things are very economic and efficient, and because that was on page 2, would that convey that. We had a different overall message.

Mr. David Zimmer: Thank you.

Mrs. Liz Sandals: His page 2 is different than MNP's page 2, for those of us who never get past page 2.

Mr. David Zimmer: Do we have any time left?

The Chair (Mr. Norm Miller): Yes, you have time.

Mr. David Zimmer: How much?

The Chair (Mr. Norm Miller): You have nine minutes.

Mr. David Zimmer: Okay. I just want to follow up on the thing Mr. McNeely touched on. What's the size of the internal audit division at the Ministry of Finance?

Mr. David Schell: It's about 200 people, give or take.

Mr. David Zimmer: And how many audits a year do those 200 people do?

Mr. David Schell: Good question.

Mr. David Zimmer: Just ballpark it.

Mr. David Schell: This is right off the top of my head for ourselves. I'm not sure what the other teams are doing. We're quite independent, even though we're a division. We report to our individual audit committees. I'm thinking we might do around 20 per year. It depends on the complexity, obviously, whether there are very few objectives and limited scope and easy—

Mr. David Zimmer: Sure. So it's 200 in the entire Ministry of Finance, at the—

Mr. David Schell: The Ontario internal audit division—approximately.

Mr. David Zimmer: And you talked about how you do about 20 audits a year.

Mr. David Schell: Approximately.

Mr. David Zimmer: Would you do what I'll refer to as big, complicated audits and more simple, straightforward audits?

Mr. David Schell: Cancer Care Ontario, the LHINs; we're on eHealth Ontario. We're into hospitals, as I said before; family health teams, public health units. It goes on and on.

Mr. David Zimmer: You do 20 audits on your own. How many audits do you outsource?

Mr. David Schell: That varies from year to year. Sometimes we've had four or five happening at a time, and sometimes we have very few; right now we have very few.

Mr. David Zimmer: But it would be in the order of half a dozen or less or something like that?

Mr. David Schell: It varies from year to year.

Mr. David Zimmer: What factors go into deciding whether to outsource an audit?

Mr. David Schell: For example, we went into a public health unit approximately five or six years ago. Actually, with that one we engaged outside expertise and they became part of our team. But in some cases, we don't have the expertise, so that may be one reason, or we don't have—there are all kinds of different levels of expertise.

Mr. David Zimmer: Would there be internal documents at the audit division surrounding or related to the decision to outsource the Ornge audit to MNP?

Mr. David Schell: There may be.

Mr. David Zimmer: How would a decision like that be made? Would somebody just sort of say, "Let's outsource this one," or would a group of you sit together and discuss whether to outsource it or not?

Mr. David Schell: If we're busy, we may say to the ministry, "The only way we can do this one is if you pay for it and it gets outsourced." Or the ministry may say, "We want this one outsourced," for whatever reason they might have.

Mr. David Zimmer: Okay. Could you check your files and see if there's some paper surrounding the decision to outsource it?

Mr. David Schell: Absolutely.

Mr. David Zimmer: Whose idea it was; what the discussions were.

Mr. David Schell: Absolutely.

Mr. David Zimmer: When you outsource it, you do an RFP?

Mr. David Schell: RFS, yes.

Mr. David Zimmer: I'm sorry; RFS, yes. Were you privy to the discussions to outsource the Ornge audit?

Mr. David Schell: I was basically told that this was going to be outsourced at my level. I'm a manager. This was to be outsourced, and I'd actioned it.

Mr. David Zimmer: Who told you that?

Mr. David Schell: Either the ministry requested it or my director told me that it was going to be outsourced, with his conversations that I may not be privy to.

Mr. David Zimmer: Okay. But typically who would make that decision to outsource it?

Mr. David Schell: Like I said, the ministry requested, "We want this one outsourced."

Mr. David Zimmer: And when you say, "the ministry," who at the ministry would make that kind of a decision?

Mr. David Schell: The executive, obviously, would have to approve.

Mr. David Zimmer: Anyway, if you could search your files or look around and see if there's something on that to shed some light on why the thing got outsourced.

Just, again, to reiterate some of the points that my colleague Mr. McNeely read, and indeed that the auditor touched on: I think the auditor said that five of the seven audit areas were okay—five of the seven—and in two of the seven audit areas, there were some issues. I don't want to understate or overstate.

Mr. Jim McCarter: Yes. I think five of them were generally positive, with what I'd call some minor exceptions. There were two of them that would be what I'd call a mixed bag. And then there were some other what I'd call observations, which would be hard to categorize, but I would almost put them in the red flags. On page 61, I think the terminology used about the communication, the more general comment—I don't know if you could put that in one of the seven, but Meyers Norris felt it was important enough to add in there. But I would say that five of the seven, to my mind, looked fairly positive.

Mr. David Zimmer: All right. Based on what the Auditor General has just told us about five of the seven and two of the seven and how he has characterized the five and characterized the two: As an experienced auditor yourself, when you got back that report, the MNP audit, would you agree with me, keeping in mind what the Auditor General said, that there was nothing in that report that jumped off the page and said, "My God, I've got to red-flag this and take it into the deputy minister or take it to the minister"?

1550

Mr. David Schell: I totally agree, of course, with what the Auditor General has just said, but I think there were a number of observations that raised serious concerns.

Mr. David Zimmer: And which ones were they?

Mr. David Schell: These were varying degrees of seriousness.

Mr. David Zimmer: Varying degrees of seriousness. All right.

Mr. David Schell: Obviously, there was the communication issue, misunderstanding with respect to—I think we've been through this one—the process to achieve shared goals and objectives. This caused some frustration, confusion and conflict.

To a lesser degree, Ornge's non-compliance to the administrative clauses of the PA; "not all accounting records have been established for each entity." An accountant never likes to see that. "As Ornge continues to operate through new entities, management should ensure

that all transactions from inception are recorded directly in each entity's books...."

Contracts—

M^{me} France Gélinas: You're going too fast there. Could you reread what you just read, the very last sentence? But slower, as if you were talking to somebody who speaks French.

Mr. David Schell: Sorry. "As Ornge continues to operate through new entities, management should ensure that all transactions from inception are recorded directly in each entity's books...."

Mr. David Zimmer: Thank you.

Mr. David Schell: There's a lot more, but—

Mr. David Zimmer: But suffice it to say that those ones that raised an issue with you or raised issues of varying degrees were contained in the deeper body of the report, rather than up front in what sometimes are characterized as the front-page executive summary?

Mr. David Schell: Some were included in the executive summary and some were not.

Mr. David Zimmer: Okay. When you got the report, then, on these issues that concerned you, did you run your concerns up the flagpole, up the management chain, and say, "Look, I've got this report. I'm concerned about these issues?"

Mr. David Schell: We debriefed the executive thoroughly on that date, April 3, 2009.

Mr. David Zimmer: And what action did the executive take? Do you know?

Mr. David Schell: That's up to—I don't know.

Mr. David Zimmer: Okay. Thank you.

The Chair (Mr. Norm Miller): Very well. Mr. Klees, you have a minute and a half left, if you want to use it.

Mr. Frank Klees: Mr. Schell, I have two quick questions for you. The terms of reference—there's a reference made to the fact that the province will be conducting a legal review of Ornge and its related entities concurrent with this engagement, which was the Meyers engagement. What happened to that legal review? Have you seen that?

Mr. David Schell: It wasn't completed by the time Meyers Norris Penny—we issued that final report. I had asked the legal counsel for a copy of that report once it was finished. They said, "No, you can't have it." So we never received it.

Mr. Frank Klees: How would this committee be able to get access to that legal review?

Mr. David Schell: I don't have a definite answer on that.

Mr. Frank Klees: Could we ask the clerk to do some research on this?

M^{me} France Gélinas: Do you know anything about this?

Mr. Jim McCarter: I actually went back and asked Susan. I don't think we were aware of it. We know Mel Springman, the lawyer. Mr. Springman was waiting for this Meyers Norris report to finish his review, or had he already finished his review?

Mr. David Schell: No. My understanding is that he was conducting his review during different parts of when the Meyers Norris Penny engagement was under way. At some point, he said, "I'm not going to do any more, I'm not going to conclude, until I receive this final report."

Mr. Jim McCarter: But to answer your question, no, I don't think we've seen it.

Mr. Frank Klees: If we could, Mr. Clerk, let's get that tabled with the committee.

I have one last comment, Mr. Schell. I did my own audit, and I know that I lost about five minutes of time with you because you were looking for documentation and you weren't quite sure about certain things. That's very disappointing to me. The reason it's disappointing is, as someone who has significant auditing responsibilities within the government of Ontario, you've known that you were coming here since July 9. My expectations would have been that you came here prepared to answer our questions, and I think we could have done a better job.

Mr. David Schell: I tried my best.

Mr. Frank Klees: Thank you.

The Chair (Mr. Norm Miller): We'll move to the NDP for the last five minutes. Mr. Singh?

Mr. Jagmeet Singh: Yes, thank you very much. I just need to summarize a couple of other points that I didn't get to before, Mr. Schell. Just to get your opinion or just your response, a yes or no if possible—if not, that's okay—should the minister have been concerned after receiving this report? The Meyers Norris Penny report: Should the ministry have had concerns after reading this report?

Mr. David Schell: There were serious recommendations in the report, and it was delivered to the ministry.

Mr. Jagmeet Singh: So, should they have had concerns? The recommendations mean they should have done something; there's a problem. Should they have had concerns?

Mr. David Schell: Yes.

Mr. Jagmeet Singh: Should it have raised flags? Should this report have raised flags?

Mr. David Schell: Yes.

Mr. Jagmeet Singh: Should the ministry have immediately or expediently executed the recommendations that had been provided?

Mr. David Schell: That's their decision.

Mr. Jagmeet Singh: That's their decision, but should they have? If these are serious recommendations, should they have executed these recommendations?

Mr. David Schell: Any serious recommendation, obviously, it's up to them whether, you know—

Mr. Jagmeet Singh: So, to push that aside, it's up to them, but in your opinion, if you have a recommendation, should the recommendation be executed?

Mr. David Schell: That's up to them. I'm just going to leave it at that. That's up to them whether they want to do it.

Mr. Jagmeet Singh: Okay, that's fine. Then, just a final thing: Do you agree with me that there is no way

that the minister or the ministry could have read this report and have felt that there was absolutely nothing wrong at Ornge?

Mr. David Schell: I think there were a number of red flags and serious issues raised where action was certainly potentially warranted.

Mr. Jagmeet Singh: Thank you.

That's good for me.

M^{me} France G  linas: Thank you. You still have a few minutes and then you're off. It's kind of a surprise for me to hear that the legal review of Ornge and related entities was going on at the same time as the review of air ambulance and related services that you commissioned, especially when you look at, review the charitable activities—the donations of Ornge include an \$8.7-million donation made by Ornge to Ornge Foundation. Why wouldn't that have been reviewed by the bookkeeping side, the auditor side, rather than by the legal side? Isn't this like an accounting transaction?

Mr. David Schell: That's the decision that was made to carve it off in that manner. So, we had our objectives that the ministry wanted us to focus on, and those objectives, the legal team was to look at.

M^{me} France G  linas: If it hadn't been carved off to legal, would it be a reasonable expectation that you would have looked at those monetary transactions?

Mr. David Schell: To some extent, potentially.

M^{me} France G  linas: To some extent, potentially? Okay, all right. The last question that I had was really that we've seen—well, you went back in there, so you've seen what the structure had evolved to. From what you had read of the report, did you expect the corporate structure to continue to evolve or did you expect it to sort of go the other way?

Mr. David Schell: I had neither expectation. I didn't know what was going to transpire.

M^{me} France G  linas: You had no expectation? Okay, so we raise it as a number-one recommendation to look at, and when you see that it continues, is it reasonable then to expect that they've received the recommendations; they must feel comfortable with what's there because they've allowed it to expand to 21?

Mr. David Schell: I'm just not sure of your question.

M^{me} France G  linas: The question is, you have a number-one recommendation that has to do with having comfort with the corporate structure that is evolving. The corporate structure continues to evolve from what it was when you did your report. You said, "Here's the corporate structure. I think you should look at it until you're comfortable with it." Then, we see that the corporate

structure continues to evolve. So, I'm looking at this and think that they must have felt pretty comfortable with the research that they did because this corporate structure continues to evolve.

Mr. David Schell: I don't know how much comfort they received from whatever. All I know is, we had this report. It had that corporate structure. As far as projecting what might have happened, whether it would have stayed the same, reduced or increased—

M^{me} France G  linas: Okay. So, if they had followed your recommendation, the recommendation, and got the level of comfort, then, on one side, they agree with the recommendation, they get the comfort and they say, "Continue to evolve; we're happy with what's going on. We feel comfortable with what's going on."

Mr. David Schell: Well, that's up to them to decide. We make the recommendation, and they do what they do.

M^{me} France G  linas: Sounds good. Thank you.

The Chair (Mr. Norm Miller): And thank you very much, Mr. Schell, for coming before the committee this afternoon. We appreciate that.

Interjection.

The Chair (Mr. Norm Miller): Go ahead, Mr. Zimmer.

Mr. David Zimmer: I just think it's appropriate to say that, unlike Mr. Klees, who had trouble with your performance today, I've done a lot of commercial litigation and I've examined and cross-examined a lot of auditors and accountants—

The Chair (Mr. Norm Miller): Okay, that's—you can just thank him. You don't have to make a political comment, because I know we'll be getting rebuttals if that's the case.

Mr. David Zimmer: —and I think you were one of the best-prepared and thoughtful witnesses.

Mr. Frank Klees: If I might?

The Chair (Mr. Norm Miller): Quickly, 30 seconds.

Mr. Frank Klees: Thank you very much. I'm not sure what the significance of this is, but we've all observed that Mr. Zimmer has been reading, throughout the course of these hearings, *Death of a Salesman*, and I'm just wondering—

The Chair (Mr. Norm Miller): Okay, that's good. On this high note—

Mr. David Zimmer: Actually, in that regard—

The Chair (Mr. Norm Miller): Okay, on this high note, we're going to end the proceedings this afternoon. I thank all the committee members for their co-operation. This committee is adjourned.

The committee adjourned at 1601.

CONTENTS

Thursday 2 August 2012

Special report, Auditor General: Ornge Air Ambulance and Related Services.....	P-645
Ornge.....	P-645
Mr. Julius Ueckermann	
Canadian Helicopters Group Inc.	P-659
Mr. Robert Blakely	
Office of the Integrity Commissioner of Ontario.....	P-672
Ms. Valerie Jepson	
Ms. Lynn Morrison	
Ministry of Finance.....	P-683
Mr. David Schell	
Mr. Jim McCarter	

STANDING COMMITTEE ON PUBLIC ACCOUNTS

Chair / Président

Mr. Norm Miller (Parry Sound–Muskoka PC)

Vice-Chair / Vice-Président

Mr. Toby Barrett (Haldimand–Norfolk PC)

Mr. Toby Barrett (Haldimand–Norfolk PC)

M^{me} France Gélinas (Nickel Belt ND)

Mr. Phil McNeely (Ottawa–Orléans L)

Mr. Norm Miller (Parry Sound–Muskoka PC)

Mr. Reza Moridi (Richmond Hill L)

Mr. Jerry J. Ouellette (Oshawa PC)

Mrs. Liz Sandals (Guelph L)

Mr. Jagmeet Singh (Bramalea–Gore–Malton ND)

Mr. David Zimmer (Willowdale L)

Substitutions / Membres remplaçants

Mr. Frank Klees (Newmarket–Aurora PC)

Also taking part / Autres participants et participantes

Mr. Jim McCarter, Auditor General

Clerk / Greffier

Mr. William Short

Staff / Personnel

Mr. Ray McLellan, research officer,
Legislative Research Service

ON
21
P72

Publication

P-19



P-19

ISSN 1180-4327

Legislative Assembly of Ontario

First Session, 40th Parliament

Assemblée législative de l'Ontario

Première session, 40^e législature

Official Report of Debates (Hansard)

Wednesday 29 August 2012

Journal des débats (Hansard)

Mercredi 29 août 2012

Standing Committee on Public Accounts

Special report, Auditor General:
Ornge Air Ambulance and
Related Services

Comité permanent des comptes publics

Rapport spécial, vérificateur
général : Services d'ambulance
aérienne et services connexes
d'Ornge

Chair: Norm Miller
Clerk: William Short

Président : Norm Miller
Greffier : William Short



Hansard on the Internet

Hansard and other documents of the Legislative Assembly can be on your personal computer within hours after each sitting. The address is:

<http://www.ontla.on.ca/>

Index inquiries

Reference to a cumulative index of previous issues may be obtained by calling the Hansard Reporting Service indexing staff at 416-325-7410 or 325-3708.

Le Journal des débats sur Internet

L'adresse pour faire paraître sur votre ordinateur personnel le Journal et d'autres documents de l'Assemblée législative en quelques heures seulement après la séance est :

Renseignements sur l'index

Adressez vos questions portant sur des numéros précédents du Journal des débats au personnel de l'index, qui vous fourniront des références aux pages dans l'index cumulatif, en composant le 416-325-7410 ou le 325-3708.

Hansard Reporting and Interpretation Services
Room 500, West Wing, Legislative Building
111 Wellesley Street West, Queen's Park
Toronto ON M7A 1A2
Telephone 416-325-7400; fax 416-325-7430
Published by the Legislative Assembly of Ontario



Service du Journal des débats et d'interprétation
Salle 500, aile ouest, Édifice du Parlement
111, rue Wellesley ouest, Queen's Park
Toronto ON M7A 1A2
Téléphone, 416-325-7400; télécopieur, 416-325-7430
Publié par l'Assemblée législative de l'Ontario

LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
PUBLIC ACCOUNTSCOMITÉ PERMANENT DES
COMPTES PUBLICS

Wednesday 29 August 2012

Mercredi 29 août 2012

The committee met at 0901 in room 151.

SUBCOMMITTEE REPORT

The Chair (Mr. Norm Miller): I'll call the committee to order and to start out with, we have a subcommittee report. Mrs. Sandals.

Mrs. Liz Sandals: Your subcommittee met on Thursday, August 23, 2012, to consider the method of proceeding on the 2012 Special Report of the Office of the Auditor General on Ornge Air Ambulance and Related Services, and recommends the following:

(1) That should the House be in session, the committee meet on Wednesday, August 29, 2012, and Wednesday, September 5, 2012, to continue its review of the Special Report on Ornge Air Ambulance and Related Services.

(2) That the committee invite two witnesses to appear before the committee on both Wednesday, August 29, 2012, and Wednesday, September 5, 2012.

(3) That each witness be scheduled for one hour and fifteen minutes.

(4) That the committee clerk contact the following witnesses for scheduling: Jay Lebo, Lisa Kirbie, the Honourable Dalton McGuinty, Poul-Erik Binderup, Pat Auger and Giuseppe Orsi.

(5) That the committee meet in camera to discuss report writing.

(6) That the committee clerk, in consultation with the Chair, be authorized prior to the adoption of the report of the subcommittee to commence making any preliminary arrangements necessary to facilitate the committee's proceedings.

The Chair (Mr. Norm Miller): Very well. Any debate? All in favour? Carried.

Then we shall now go into closed session to discuss the report writing and other items.

The committee continued in closed session at 0903 and resumed at 1225.

SPECIAL REPORT, AUDITOR GENERAL:
ORNGE AIR AMBULANCE
AND RELATED SERVICES

The Chair (Mr. Norm Miller): I'll call the meeting to order, then. We have some motions before us. France.

M^{me} France Gélinas: Yes. So Will was nice enough to help me rephrase the original motion into three motions.

The Chair (Mr. Norm Miller): Do you want to move your microphone down?

M^{me} France Gélinas: I could. Will is still nice and he has still done the splitting of the motion into three, and it goes as follows:

I move that, pursuant to standing order 110(b), that Ornge air ambulance produce all correspondence and documents relating to the suspension of Ornge rotor pilot Bruce Wade, and that these documents shall be produced by Tuesday, September 4, 2012.

The Chair (Mr. Norm Miller): Any discussion? Yes, Liz?

Mrs. Liz Sandals: Would it be friendly, or if not, I'll move it—"produce all correspondence and documents, including"—this is the addition—"Bruce Wade's entire employment file, as well as complaints, incident reports and minutes from meetings relating to the suspension." That's just the catalogue of related documents. I think you've already said "all correspondence and documents," but that would make it clear that we're looking for the whole file.

M^{me} France Gélinas: I have no problem with this.

The Clerk of the Committee (Mr. William Short): Could she say it again?

The Chair (Mr. Norm Miller): Could you say it again, please, Ms. Sandals?

Mrs. Liz Sandals: I'm not sure where you want to put it in because we were amending the motion sight unseen. So I'm happy with wherever you make it make sense.

The Chair (Mr. Norm Miller): So it would now read, "I move that, pursuant to standing order 110(b), that Ornge air ambulance produce all correspondence and documents, including Bruce Wade's entire employment file, as well as all complaints, incident reports and minutes from meetings relating to the suspension of Ornge rotor pilot Bruce Wade, and that these documents shall be produced by Tuesday, September 4, 2012." Agreed? All in favour? We're voting on the amendment and for the motion as amended. Carried.

Okay, we have a second motion.

M^{me} France Gélinas: I move that, pursuant to standing order 110(b), that Ornge rotor pilot Bruce Wade produce all correspondence and documents relating to his

suspension at Ornge air ambulance, and that these documents shall be produced by Tuesday, September 4, 2012.

Mrs. Liz Sandals: And then again, if we could just, for further clarity, add in “all correspondence, including email.” So just add in “including emails.”

The Chair (Mr. Norm Miller): Including emails, okay. So there’s agreement to the amendment?

M^{me} France G  linas: I do.

The Chair (Mr. Norm Miller): Okay. All in favour of the motion, as amended? Carried.

The third motion, Ms. G  linas.

M^{me} France G  linas: The lucky third one. I move that, pursuant to standing order 110(b), that Ornge air ambulance produce their aircraft out-of-service reports and that these documents shall be produced by Tuesday, September 4, 2012.

I would be willing to give it a time frame. So let’s say from January 2012 till now.

Mrs. Liz Sandals: Okay. And actually, that’s what I was going to suggest, that we put in a time frame. So, for further clarity, that would be from January 2012 to August 2012.

The Chair (Mr. Norm Miller): Is there agreement on the amendment? Agreed.

And now for the motion, as amended, all in agreement? Carried.

MR. JAY LEBO

The Chair (Mr. Norm Miller): Our first witness of the afternoon is Mr. Jay Lebo. If you could come forward, Mr. Lebo.

Just to confirm that you received the letter for a witness coming before the committee?

Mr. Jay Lebo: Yes, I did.

The Chair (Mr. Norm Miller): Very well. Great. Our clerk shall do either an oath or affirmation.

Mr. Jay Lebo: Affirmation.

The Clerk of the Committee (Mr. William Short): An affirmation. Okay. Mr. Lebo, do you solemnly affirm that the evidence you shall give to this committee touching the subject of the present inquiry shall be the truth, the whole truth and nothing but the truth?

Mr. Jay Lebo: Yes, I do.

The Clerk of the Committee (Mr. William Short): Thank you.

The Chair (Mr. Norm Miller): Very well. If you want to take some time for an opening statement, please—

Mr. Jay Lebo: I have no opening remarks.

The Chair (Mr. Norm Miller): Okay. Very well. Then we shall move to the opposition for questioning to begin with, Mr. Klees.

Mr. Frank Klees: Thank you, Mr. Chair. Mr. Lebo, welcome.

Mr. Jay Lebo: Thank you.

Mr. Frank Klees: I would like to start off by asking you why you took the initiative to write this committee and volunteer to come forward. With some witnesses

we’ve had difficulty getting them here, including the Premier himself. But, could I ask why you took the initiative to write to us?

Mr. Jay Lebo: Sure. I wasn’t eager to be here, but I’ve been following this committee’s investigation into what happened at Ornge. I’ve heard questions asked in this committee that weren’t answered, and I felt that I had some of the answers, and so I felt an obligation to make myself known to the committee.

1230

Mr. Frank Klees: Thank you, and I appreciate that.

Could I ask you, then, to perhaps give us an idea of what some of those questions are, and if we could, perhaps—as someone who was on the inside at Ornge, you have a sensitivity. Clearly, you knew what was going on there; you know the issues that this committee is interested in. What would the most important issue be that, as you were observing these proceedings, your antennae went up and you said, “Wait a minute. This is wrong. This is an important issue. I know what really happened.” Could you share that with us?

Mr. Jay Lebo: Sure. I do want to make it clear that there are a lot of things of which I don’t have any first-hand knowledge. There are a lot of things that have come out through this committee and through the media that are news to me. So I don’t want to let anyone think that I had some inside information—but I wasn’t all knowing.

The reason that I reached out to the committee was really for a couple of questions in particular. Earlier on in this procedure, it seemed ambiguous as to whether or not money that had been intended for Ornge’s operation had been used for personal gain. I think that’s become decreasingly ambiguous, but it’s not at all ambiguous to me because I was paid from Ornge—always from Ornge, never from Ornge Peel or any other organization, and a great deal of my time was spent working on for-profit ventures that I later found out through the Toronto Star were benefiting primarily private shareholders. At the time, I believed that those for-profit entities were going to flow 100% of their profits to the province. When I discovered through the media that in fact that was not the case, that’s when it became clear to me that at the very least, if nothing else, at least a portion of my salary was used to pursue avenues for private benefit.

Mr. Frank Klees: We’ve heard testimony here that any dollar amount that may have been paid to Ornge employees through Ornge and they were doing work for for-profits would be charged back. Can you share with us what insight you have as to whether or not that in fact took place?

Mr. Jay Lebo: I worked on a couple of consulting projects for third party clients on behalf of the company, and when I was doing work that was being paid for by third parties, I logged my time so that the company could recoup it. But in my day-to-day activities I was not keeping track of which hours were spent on, let’s call it, provincial issues versus international expansion. I wasn’t asked to keep a log for that.

Mr. Frank Klees: Okay, and of course everyone at Ornge in the executive suite at least knew full well what your time was being focused on and at no time were you ever asked to log that time so that it could be charged back; is that right?

Mr. Jay Lebo: Exactly. That's right, yes.

Mr. Frank Klees: Okay. Could you just tell us—you indicated that you did work on behalf of a number of these for-profit entities. Can you give us some specifics on that?

Mr. Jay Lebo: Certainly. I conducted—I'll back up a minute and say that I'm not a health care professional and so my involvement in all of these projects, the projects that I'm about to tell you about, were of a project management and client relations nature. I was never the subject matter expert, but I worked on a project evaluating Bermuda air ambulance on behalf of an Ontario insurance company. I can't remember the name of that company, but a Canadian insurance company asked us to evaluate Bermuda air ambulance, which was one of their partners, and they asked us for our opinion on what kind of outfit Bermuda air ambulance was, and I project-managed that.

I worked on a consulting agreement to the province of Saskatchewan and that was an evaluation of their air ambulance operation, along with recommendations for the launch of a rotor-wing program in Saskatchewan. I was the project manager and lead author on that project. Finally, there was a consulting project to the government of Nunavut which was similar to the Saskatchewan project but on a smaller scale. I was the project manager and author for that agreement.

Mr. Frank Klees: And who would have given you those specific assignments?

Mr. Jay Lebo: Dr. Mazza.

Mr. Frank Klees: Dr. Mazza himself?

Mr. Jay Lebo: Yes.

Mr. Frank Klees: I'd like to just follow up on the Saskatchewan report. Obviously, there are some media reports around that report. You yourself say that you were the lead author, and yet your name never appeared on that report. Could you tell us, first of all, why? There was a biography in that report and it named, I think, four or five individuals in-house at Ornge. If you read the report, it talks about the team biographies, and one would conclude—and probably it was intended that one would conclude—that the report was actually written by these well-experienced individuals. Help me to understand how it is that you were the lead author, your name didn't appear on the report at all and, from what I understand, the people whose names did appear had very little to do with the report itself.

Mr. Jay Lebo: I would disagree with the last part of your question there. The report is entirely the product of the opinions, analysis and recommendations of the people described in the back of the report. It was my job to take what they had to say and to compile it into a report that was fit for public consumption. Writing is one of my talents. It's probably not among the talents of the

people listed at the back of the report, but they were the subject matter experts. So they made their observations, they made the recommendations and analysis, and I crafted the report. But everything in the report really comes from their minds, not from mine.

Mr. Frank Klees: Do you recall what the value of that report was? What was the consulting fee that Saskatchewan paid to Ornge?

Mr. Jay Lebo: I don't remember exactly what it was. It was, I believe, in the neighbourhood of \$100,000 to \$220,000.

Mr. Frank Klees: Okay. And that would have been which of the companies?

Mr. Jay Lebo: Ornge Peel, I assume.

Mr. Frank Klees: While you were writing that report, who were you billing your time to?

Mr. Jay Lebo: I was being paid only by Ornge and I was logging my time so that my hours could then be billed to the client.

Mr. Frank Klees: So for this particular report it was charged back, as far as you know.

Mr. Jay Lebo: That's my understanding, yes, sir.

Mr. Frank Klees: I'd like to move on to another report, and that is the marketing agreement with AgustaWestland. As the senior aide to the CEO, can you tell me, were you aware of the discussions that were taking place between Chris Mazza and AgustaWestland?

Mr. Jay Lebo: I was aware that there were discussions, yes.

Mr. Frank Klees: Can you confirm for us some of the testimony that we have had here, namely that the amount that was related to that marketing agreement essentially was an overpayment of the contract for the helicopters that was signed between AgustaWestland and Ornge? Are you aware of that detail?

Mr. Jay Lebo: Not really, no. While I was there, I heard some talk about the weight upgrades. That was discussed within earshot of me. And I always knew that it was Dr. Mazza's intention to make Agusta a consulting client, but I knew of no other details. The details of the marketing agreement I think came after I left the organization.

Mr. Frank Klees: As a senior aide, you would be very close to discussions that Chris Mazza was having. This was a very important deal. Did you ever become privy to or overhear conversations relating to this? Was there ever any reason for you to have concern that something might not be quite right about this deal that was coming down?

1240

Mr. Jay Lebo: No.

Mr. Frank Klees: What was your response when—and I'm assuming that you've been following these hearings—

Mr. Jay Lebo: Yes.

Mr. Frank Klees: —particularly the last testimony we had from Mr. Beltzner as the chair of the board—when he advised this committee that he was presented with a letter that gave him documentary proof of the fact

that Ornge was overpaying to the tune of some \$6.7 million for those weight upgrades. You're aware of that testimony that was given?

Mr. Jay Lebo: Yes.

Mr. Frank Klees: How did you react to that?

Mr. Jay Lebo: When I heard that testimony?

Mr. Frank Klees: Yes. Did it surprise you?

Mr. Jay Lebo: Yes.

Mr. Frank Klees: I'd like to get your sense of who in that executive suite would have been aware of the details of that deal.

Mr. Jay Lebo: I can only speculate: Dr. Mazza and Maria Renzella.

Mr. Frank Klees: I'd like to ask you to give some thought to your experience as a base manager, a very important role in an air ambulance organization. When you were appointed as the base manager—I think it was for the Toronto base, is that right?

Mr. Jay Lebo: That's right, yes.

Mr. Frank Klees: What experience did you have in helicopters, in EMS, in managing an emergency helicopter base?

Mr. Jay Lebo: I had no management experience in that area. In terms of my knowledge of air ambulance in general, it would be only what I had learned at Ornge in the year and a few months prior to me taking on that role.

Mr. Frank Klees: And how did you feel about being placed into that responsible position?

Mr. Jay Lebo: Well, I volunteered for it; I should make that clear. It seemed to me an unusual choice, but a good choice given the circumstances at the time. I think it's important to realize that a regional operations manager at Ornge is not part of the decision loop that actually helps the patients. A regional operations manager is not at all involved in dispatching helicopters or in any real-time patient care sort of way; it's really a support role and a conduit to improve communication between headquarters and the front line. So being a paramedic or having a strong health care background is not a job requirement for that position.

At the time that I was given that position, I had been told that the position had been open for months, that there were no qualified applicants and that the region was in crisis. At this time, I had been at Ornge for about a year and I was looking forward to a long career at Ornge. I felt that it would be beneficial to me to get some operational experience on the front line.

Also at that time, the overarching strategic objective for Ornge was operational excellence, and that's something I know quite a lot about from my business background. The major challenge in Toronto was low morale, poor employee engagement and poor trust between the front line and headquarters. That's really a leadership function rather than a health care type of function, so I felt that given that nobody else would apply for this position and given that the major objectives were about operational improvement and human capital management, I was a suitable choice, even though my qualifications were unusual for that role.

Mr. Frank Klees: How long were you the operations manager there?

Mr. Jay Lebo: How long was I the operations manager?

Mr. Frank Klees: Yes.

Mr. Jay Lebo: I officially became the operations manager in March 2009. I was finishing up the Saskatchewan report at that time, so I wasn't able to devote 100% of my time to that role until about April 2009, and then I was terminated from the organization in January 2010.

Mr. Frank Klees: During the period of time that you were the operations manager, was there ever a visit from the Ministry of Health in terms of an inspection, an on-site visit?

Mr. Jay Lebo: There was. I believe it was called a performance review, where the government basically audited the operation—not the type of audit that the Auditor General does, but an audit of the health care provision side of the organization.

Mr. Frank Klees: Did you ever get a call or were you ever confronted or alerted by paramedics or pilots concerning perhaps issues such as understaffing? Can you tell us about them?

Mr. Jay Lebo: Yes. I heard complaints about all kinds of things. If you want me to focus on understaffing—

Mr. Frank Klees: Let's talk about the understaffing issue because we've heard a lot about that, and obviously that leads to incident reports that we've been dealing with here. So let's focus on this understaffing issue, paramedics not available or pilots not available, so that Ornge could not respond to calls.

Mr. Jay Lebo: Okay. In my time, there were never any issues of pilot availability. CHL was completely responsible for the aviation side of the rotoring operation, and I never experienced at first hand any issues of pilots being unavailable. It was a common occurrence for there to be only one paramedic on duty at a time or for a paramedic who had called in sick to be backfilled with, let's say, a primary care paramedic, which I think you understand. If you've got a primary care paramedic partnered with a critical care paramedic, then as a team they don't operate at a critical care level. So even though one paramedic knows what to do, they're not permitted as a team to do all of that if one of them is a primary care paramedic. So there were lots of complaints that came to be about, "Why do I have to work alone?" or "Why can I not work to the full breadth of my abilities because I've been partnered with someone whose qualifications are below my own?"

Mr. Frank Klees: All right. Of course we know that, by regulation, they're not allowed to work alone?

Mr. Jay Lebo: Yes.

Mr. Frank Klees: And yet you're telling us that quite often that would be the case, which translates into the understaffing, which obviously translates into the incident reports that we've had reviewed here where a helicopter goes to a scene and the paramedic actually has to

decline because they're not qualified to deal with that particular critical case.

What did you as an operations manager then do, knowing that these circumstances were prevailing, knowing the implications to patient care? How did you respond to that?

Mr. Jay Lebo: Well, first, I took the issues to my superiors and made them aware of these complaints—

Mr. Frank Klees: And your superiors at that time were?

Mr. Jay Lebo: At that time, for about the first half of my term in that role, my direct superior was Steve Farquhar, the vice-president of operations. Later on, there was a new director of operations inserted between us. When I started, there was no director of operations.

Mr. Frank Klees: And who was that director of operations?

Mr. Jay Lebo: Sandra Burnside.

Mr. Frank Klees: Okay. And how did they respond to your concerns?

Mr. Jay Lebo: I haven't quite finished answering your previous question.

Mr. Frank Klees: Oh, sorry; go ahead.

Mr. Jay Lebo: So I brought these issues to my superiors and I also, as regional operations manager, made what efforts I could to improve staffing. I didn't have the authority to hire people, but I did what I could to reduce absenteeism and days off work due to workplace injury and that sort of thing.

I'm sorry; could you repeat your next question, please?

Mr. Frank Klees: When you brought these concerns to your superiors, how did they respond?

The Chair (Mr. Norm Miller): And you have five minutes, Mr. Klees.

Mr. Frank Klees: Thank you.

Mr. Jay Lebo: They acknowledged them. There wasn't any indication that anything would be done about it. Senior management had determined that every base gets X number of paramedics, and that really wasn't open to negotiation, for me to say, "But my base needs more."

Mr. Frank Klees: Okay. So, you made it very clear to your superiors that you were understaffed on the paramedic side. At the same time that you were understaffed at your base for paramedics, Ornge was engaged in these international outreaches and was establishing these various beachheads, whether it's Brazil, Bermuda or wherever else, and while they were starving your base and probably others in the province of Ontario, a decision was made to divert funds to these international schemes, if I can put it that way.

1250

Mr. Jay Lebo: It seems that way. I want to make it clear that in the time that I was there, there were no beachheads, so to speak; that came after my time. It's my understanding that there was an employee in Brazil, but that was after my time. In the time that I was there, everything was being done from headquarters in Toronto.

At the time, it was my understanding that these diversions were an investment in a new model that would generate revenue from outside the province to the benefit of Ornge's stakeholders. So yes, I saw some money going towards these efforts, but I believed that there would ultimately be an enormous return on those investments for the people of Ontario.

Mr. Frank Klees: So we had testimony here that the expertise that was being developed within Ornge, the not-for-profit, was being used to develop strategies and competencies that would ultimately be ceded into these for-profit companies and the shareholders of those for-profit companies would then benefit from that equity that's created in those companies. The amount that would be streamed back to the taxpayers of Ontario was something like 3%. Did you ever question that formula?

Mr. Jay Lebo: I only learned that formula from the Toronto Star. In my time at Ornge, I had been told—everybody had been told—that 100% of the profits would flow to the province; there was never any talk of shareholders.

Mr. Frank Klees: So you weren't aware that Mr. Mazza and others in that executive suite were actually the shareholders of these for-profit companies, is that correct?

Mr. Jay Lebo: Absolutely not.

Mr. Frank Klees: Okay. Thank you, sir.

The Chair (Mr. Norm Miller): Thank you very much. We'll move on to Ms. Gélinas of the NDP.

M^{me} France Gélinas: I think I will continue on this before I go on with other questions that I have. So the plan, if it had worked and the way it was explained to you, was really, we would leverage this great thing that we had in Ontario with air ambulance and show the rest of the world how great we're doing. They would buy our knowledge, buy our technology and buy our competencies. We would make money. So who shared that vision and how come you knew about it?

Mr. Jay Lebo: It was common knowledge that—you know, you could have asked anybody at Ornge, "What is the CEO's vision?" and that's what they would have articulated to you.

M^{me} France Gélinas: So this was shared broadly while you were there in 2009 and before—

Mr. Jay Lebo: Absolutely. Absolutely. When paramedics came to me with questions about why we were diverting our attention, the answer I was instructed to give was: These are investments from which the people of Ontario will realize a return. The vision was that Ornge would one day be able to go to the Ministry of Health and say, "We don't need your money any more. We're self-sufficient. We'll continue meeting our performance agreement obligations, but you can cut our budget to zero." That seemed like a terrific vision. I was proud to be part of that.

M^{me} France Gélinas: And it was presented to you and the rest of the people at Ornge in a way where you believed in it and worked in it and really thought that that was achievable?

Mr. Jay Lebo: Yes.

M^{me} France G  linas: And when you were terminated, had you changed your mind about the vision?

Mr. Jay Lebo: No. I still think that the vision, as it was articulated to me at the time, is a good one.

M^{me} France G  linas: Okay; that it could have worked? Why do you figure it didn't?

Mr. Jay Lebo: It appears as though somewhere along the way the senior executives decided to keep the money.

M^{me} France G  linas: From the time that you spent at Ornge, you've already shared with us that everybody knew about the vision. So everybody knew that there were people divesting some of their time, their energy, their effort in Saskatchewan, Bermuda, Brazil etc. Would the people at the ministry have been aware of the vision?

Mr. Jay Lebo: It was my understanding that they were aware of the vision, but I had no first-hand knowledge of any communication between the ministry and the organization.

M^{me} France G  linas: When you were executive to Chris Mazza, you never saw anything where Dr. Mazza tried to communicate with the ministry or that the ministry tried to communicate with Ornge?

Mr. Jay Lebo: I was aware that meetings took place. I would observe executives talking to each other about some upcoming meeting or following up on some question, but I wasn't privy to details.

M^{me} France G  linas: Okay, but you knew that meetings were taking place between the executive at Ornge and the people at the ministry?

Mr. Jay Lebo: Yes.

M^{me} France G  linas: Were any of those meetings ever at Ornge sites?

Mr. Jay Lebo: I don't think so, no.

M^{me} France G  linas: They were mainly at the ministry?

Mr. Jay Lebo: Yes. In fact, I think that Dr. Mazza didn't want anyone from the ministry to see the office.

M^{me} France G  linas: Why is that?

Mr. Jay Lebo: It was expensive.

M^{me} France G  linas: Oh. And it looked expensive and it was?

Mr. Jay Lebo: Yes.

M^{me} France G  linas: And why do you figure he didn't want the ministry to see that?

Mr. Jay Lebo: That might have raised questions that he would prefer not to answer.

Mr. David Zimmer: Sorry. I'm having trouble hearing—

Mr. Jay Lebo: It would seem to me that that would have raised questions that Dr. Mazza would have preferred not to answer.

M^{me} France G  linas: As to being too lavish and being on the taxpayers' dime?

Mr. Jay Lebo: Yes. At some stage, he also said that paramedics were no longer welcome at head office—at least, not without an escort.

Mr. Jagmeet Singh: What about the office was so lavish or would have raised those concerns, do you think? In detail, I guess.

Mr. Jay Lebo: By the standards of private organizations, it wasn't lavish. I mean, there were no marble fountains or anything like that. But it was a nice office, with—I don't know what the dollar value was, but I know that a lot of money had been spent on renovations, and it showed.

Mr. Jagmeet Singh: You've indicated that you knew that there were meetings, that they took place not at the office. How were you aware of those meetings?

Mr. Jay Lebo: I observed the daily meeting of the executive management team, and when there were meetings coming up, that was mentioned at the table. I was there when those meetings were discussed, although I want to say that as far as I can recall, the details or the content of those meetings was never discussed in great detail at the—

Mr. Jagmeet Singh: In front of you.

Mr. Jay Lebo: In front of me, yes.

Mr. Jagmeet Singh: Okay.

M^{me} France G  linas: So the vision that we are going to develop—all of those for-profits, we are going to go outside of Ontario and Canada—was broadly shared with everybody. From front-line staff on, everybody knew. Do you figure there would have been any way of keeping this a secret from the ministry?

Mr. Jay Lebo: I couldn't say. As far as I know, there was no intention to keep it a secret. It wasn't a secret. There were plenty of secrets at Ornge. This was not one of them. I don't know how to answer that.

Mr. Jagmeet Singh: What were some of the secrets at Ornge?

Mr. Jay Lebo: You're testing my memory now.

Mr. Jagmeet Singh: I've put you on the spot.

Mr. Jay Lebo: You're putting me on the spot. I guess, you know, the nature of Dr. Mazza's relationship with Ms. Long. The details about this marketing agreement, I expect, would have happened behind closed doors. What's come out in the media about 3% of the profits flowing to the province, as opposed to 100%—I don't know if any of that was ever shared. I've been out of the organization for more than two years, so for all I know, some of these secrets ceased to be secret after I left. But the executive team was certainly secretive.

1300

M^{me} France G  linas: The Minister of Health said that she tried to get meetings with Dr. Mazza but couldn't get through to the man. To your knowledge, was Dr. Mazza or the executive at Ornge trying to avoid the ministry?

Mr. Jay Lebo: Not to my knowledge, but I know that they were very careful about what they disclosed to the ministry.

M^{me} France G  linas: Okay.

Mr. David Zimmer: Sorry. I didn't hear that again.

Mr. Jay Lebo: I don't know that they intended to avoid the ministry, but I do know that they were very selective in what they disclosed to the ministry.

Mr. David Zimmer: Thank you.

M^{me} France Gélinas: So would you think it out of the ordinary that if the ministry calls, they don't make themselves available, that they refused to meet with her?

Mr. Jay Lebo: That seems strange to me. Dr. Mazza presents well. He's very persuasive and I never saw him shy away from an opportunity to win someone over.

M^{me} France Gélinas: So your best bet is that if the minister calls, he puts on the best show he can put on?

Mr. Jay Lebo: That's my best bet, but I'm speculating.

M^{me} France Gélinas: That's okay. We were not there either. You were closer than us.

Mr. Jagmeet Singh: In 2008 to 2009, your role was executive aide—

Mr. Jay Lebo: That's right.

Mr. Jagmeet Singh: —directly to Mr. Mazza?

Mr. Jay Lebo: Yes.

Mr. Jagmeet Singh: To Dr. Mazza. Is that correct?

Mr. Jay Lebo: Yes, it is.

Mr. Jagmeet Singh: During that time, do you recall Dr. Mazza ever asking you to try to schedule meetings with the minister or attempting to set up meetings with the minister?

Mr. Jay Lebo: No. I wasn't responsible for Dr. Mazza's scheduling. He had someone else for that.

Mr. Jagmeet Singh: Who was involved in his scheduling or who was responsible for that?

Mr. Jay Lebo: His personal assistant.

Mr. Jagmeet Singh: At that time, who was it?

Mr. Jay Lebo: Lina Paolucci.

Mr. Jagmeet Singh: Okay.

M^{me} France Gélinas: So what were your responsibilities as an executive aide? What does that mean, anyway?

Mr. Jay Lebo: That's a good question. I say that because I was never really happy with the title. I never felt that the title described what I did, but it was the best we could come up with. My role was essentially business analysis. Dr. Mazza recently got an MBA himself and, as far as I know, he was the only person in the organization with an MBA. He had this vision to launch these for-profit activities, and he wanted someone with a business education to help him strategize and plan that and also to act as a sort of ad hoc internal consultant, helping whom-ever needed help in the organization to infuse some business rigour into what they were doing.

M^{me} France Gélinas: Okay. Except for the three contracts you've talked to us about, the ones for Bermuda, Saskatchewan and Nunavut, did you do any other work toward the international side of the business?

Mr. Jay Lebo: Yes, a lot of research and analysis and strategizing about potential opportunities. So, you know, all the work that precedes launching something, that's—when I began, Dr. Mazza knew that he wanted to generate revenue in a number of different ways, and he had lots of ideas about how that might be done, but none of these ideas were concrete. So part of my role was to

put some meat on the bones and help him identify the best opportunities.

M^{me} France Gélinas: Did you identify any? Were there any good leads out there?

Mr. Jay Lebo: Well, it wasn't my job to look for leads. It was my job to figure out how Ornge's strengths could best be commercialized. Yes, it seemed to me that there were lots of opportunities to commercialize Ornge's intellectual property.

M^{me} France Gélinas: And this is what you were hired to do. Did you ever have a chance to do this? Did you ever—

Mr. Jay Lebo: No.

M^{me} France Gélinas: No?

Mr. Jay Lebo: No, nothing was ever executed while I was there.

Mr. Jagmeet Singh: You mentioned that some of the paramedics came to you and asked why this shift, why the priority shift. What was that about? Why were they asking that question?

Mr. Jay Lebo: Why were they asking that question?

Mr. Jagmeet Singh: Right. I mean, there was a vision. The vision was that the for-profits would create revenue that would eventually flow back into the organizations with a view to having 100% funding—you know, self-sufficient, not needing the ministry for funding. And you mentioned something to the effect that paramedics would, and I don't know if I'm quoting exactly, approach you, saying, "Why are our priorities changing?"

Mr. Jay Lebo: Yes.

Mr. Jagmeet Singh: What would be the reason why they were asking you that? There must have been something that went on in the organization that prompted them to ask this question.

Mr. Jay Lebo: Sure. I hope I'm going to answer your question correctly. You'll let me know if I don't. The rationale for this new vision was—I had been told; everyone had been told—was that demand for Ornge's operation was steadily increasing and that the ministry had indicated that the organization could not expect commensurate increases in its budget year over year. So there was a gap between growing demand and growing budget, and the only choices of the organization were to either let that gap be and let some people do without the service, or fill that gap with revenue generated elsewhere. That's what I was told. That's what everyone was told. The Auditor General's report doesn't seem consistent with that.

Mr. Jagmeet Singh: I take it that at some point, because of this for-profit to address this potential gap that was perceived or that the management was warning people about, there was a priority shift in terms of what paramedics were doing in terms of their actual employment. Were they doing less primary care work and then they were starting to do more for-profit work? Is that—

Mr. Jay Lebo: No. No, not at all. The day-to-day duties of paramedics never changed. All of what we're talking about—you would have seen changes at head

office but not on the front line. The front line may have felt that their superiors were distracted, but the job duties of the paramedics didn't change.

Mr. Jagmeet Singh: I understand.

M^{me} France G  linas: The ministry laid down the cards, "We know that demand for your services is going to grow. Your budget is not going to grow. You're on your own to try to fill that gap," and this is why you did the business analysis and this is why Ornge did the best it could to try to find business elsewhere so that they could continue to fully meet the needs of the people of Ontario. That was what you were operating under?

Mr. Jay Lebo: Yes, that's right.

M^{me} France G  linas: Had the ministry come at any time and said, "No, I don't think this private venture is working anymore; we want you to live within your means," would the vision have changed?

Mr. Jay Lebo: It would have had to.

M^{me} France G  linas: It would have had to?

Mr. Jay Lebo: Yes. That's incompatible with what was happening. If the organization had been directed to stop that, that would have necessarily changed the vision.

M^{me} France G  linas: That confirmed my question that I asked you earlier: Was the vision shared by the ministry? Not only was it shared, but it came from the ministry that you were responsible for fully meeting the needs of the people of Ontario, but you were not fully funded to meet those needs.

Mr. Jay Lebo: To be fair, I'm very confused myself about all this. I was told that demand was increasing steadily and that the budget was staying flat. The Auditor General's report suggests the opposite: that the budget was increasing steadily and that demand was flat. It would seem to me that what I was told wasn't true.

Mr. Jagmeet Singh: What was the source of that? Was that directly from Dr. Mazza, or was it—

Mr. Jay Lebo: Yes.

Mr. Jagmeet Singh: This issue of the gap was something that was told to you directly by Dr. Mazza?

Mr. Jay Lebo: Yes, and anyone who was in a management position was also instructed to disseminate this.

M^{me} France G  linas: So it would be the same thing with Mr. Farquhar, who, if you went to him and said, "I have issues," you didn't even have an opportunity to ask for more medics to work within your base because this was the way it had been allocated, but he would also agree with the fact that, "We have to do the best we can with the resources we have, and anything over and above we have to self-fund?"

Mr. Jay Lebo: Yes,

M^{me} France G  linas: Basically, the mission and the vision were well explained, it was well understood, and there were people dedicated within Ornge to making sure that this vision was being implemented?

Mr. Jay Lebo: Yes.

1310

M^{me} France G  linas: From your experience, having worked there, had the ministry at any time said no, like it

does to other transfer payment agencies, you would have done what the ministry had told you to do?

Mr. Jay Lebo: That's my expectation. We've seen some evidence that Dr. Mazza and the board felt that they were beyond the ministry's influence in areas like that. There was a letter from the chairman to the ministry, saying something along the lines of, "We can do whatever we want," so I can't say for certain whether or not that would have stopped them. I don't know.

M^{me} France G  linas: But from what had been shared with—

The Chair (Mr. Norm Miller): Excuse me. The Auditor General would like to clarify a point.

Mr. Jim McCarter: Just to clarify, what we said about the issue being about the demand going down: What we actually said was that Ornge was saying that the number of transports they were doing was gradually going up. We did some computer-based analysis and other analysis, and what we found was that the number of actual transports was actually going down, not going up. But that could be different than demand, because you could get a situation where the number of land ambulance inter-facility transfers was down, but that may have been—the demand may be going up, but if, for instance, the hospitals were saying, "We're not getting timely transport from Ornge," they'd get somebody else. So, just a clarification.

Mr. Jay Lebo: That's fair. Thank you. Everybody knows about the demographic shift that's happening in the Western world, so I think it's reasonable to expect that the demand for health care is going to go up as the population ages. You don't have to be a health care expert to understand that. But it seems to me, from the Auditor General's report, that the money was there for the asking, because it increased steadily every year.

M^{me} France G  linas: Had it not been for what ended up on the front page of the Toronto Star, you would have left Ornge thinking that the vision that had been put in place made sense, that what they were trying to do to leverage the knowledge and skills elsewhere to bring money in made sense, that it was being supported by the ministry because the ministry was saying, "You will have to manage within your own means or go find your own means of financing increases, because we are on a tight budget." All of this held together and made sense to you till it hit the front page of the Toronto Star?

Mr. Jay Lebo: Yes.

The Chair (Mr. Norm Miller): You have five minutes.

Mr. Jagmeet Singh: Is there anything in our questioning that maybe perhaps we've missed that you think is important for us to know, some areas that we should perhaps look into more, or areas of concern that you saw, looking at the hearings or from what you've read in the newspaper, as areas of concern that have not been touched by this committee hearing?

Mr. Jay Lebo: No, I don't think so. I think you've done a pretty good job of getting everything out there.

M^{me} France Gélinas: While you were at Ornge, how much effort was put into keeping salaries secret?

Mr. Jay Lebo: A lot.

M^{me} France Gélinas: A lot? And at what level was that happening?

Mr. Jay Lebo: The most senior levels.

M^{me} France Gélinas: So we're talking Maria Renzella. We're talking Dr. Mazza—

Mr. Jay Lebo: The executive management team, including the CEO.

M^{me} France Gélinas: Steve Farquhar. How far down did it go?

Mr. Jay Lebo: Not below the level of vice-presidents. The executive management team included anyone with a VP title, a COO title, and the CEO. All of those people would have been privy to those discussions.

M^{me} France Gélinas: Within the executive team, the salaries were shared, but outside of the executive team, nobody knew?

Mr. Jay Lebo: I don't think I understand your question. Shared among the executives? I don't think that they shared their salaries with each other.

M^{me} France Gélinas: No, but they knew the salaries within the organization?

Mr. Jay Lebo: Yes. I'm sorry; maybe I'm still not understanding your question.

M^{me} France Gélinas: No; you're doing fine. I wanted to know how much effort was put into keeping salaries secret. So you didn't know what the executives were making at Ornge?

Mr. Jay Lebo: No. It was understood among the executives that the CEO wanted to keep executive compensation secret.

Mr. Jagmeet Singh: How was that known?

Mr. Jay Lebo: It was a regular topic of discussion at the executive management team meetings.

Mr. Jagmeet Singh: In what sense?

Mr. Jay Lebo: I can't recall specifics, but people saying, "I don't want my salaries disclosed," or "What can we do to avoid disclosing salaries?" or "How will this or that keep us off the sunshine list?" I don't recall any efforts to keep the entire organization off the sunshine list. You know, plenty of paramedics and middle managers appear on the sunshine list, and as far as I know, senior management was never concerned with that, but certainly the executive management team understood that Dr. Mazza wanted executive salaries kept secret.

M^{me} France Gélinas: I'll save my two minutes.

The Chair (Mr. Norm Miller): Very well. We'll move on to the government, Mr. Moridi.

Mr. Reza Moridi: Thank you, Mr. Chair, and thank you, Mr. Lebo, for appearing before this committee.

Mr. Lebo, I see from your resumé that you attended the Richard Ivey School of Business between the years 2006 and 2007, I believe; is that correct?

Mr. Jay Lebo: Yes.

Mr. Reza Moridi: And your resumé states that you attended the University of Toronto between the years 1998 and 2000, two years.

Mr. Jay Lebo: Yes.

Mr. Reza Moridi: Did you do a degree program there or—

Mr. Jay Lebo: I was pursuing a degree but I didn't complete that degree.

Mr. Reza Moridi: And how did you get to a master's degree program without having a bachelor's degree?

Mr. Jay Lebo: The other parts of my application package were strong. I had international experience, entrepreneurial experience, a strong GMAT score, and I think that the admission team liked me. I was what they call a "special admit." I was one of two people in that class who didn't have an undergraduate degree, but part of what I like about that school so much is that they take a holistic view of applicants and they make exceptions.

Mr. Reza Moridi: Thank you. You began working at Ornge as an executive aide to the CEO, Dr. Chris Mazza, in 2008. This committee has previously heard that executives at Ornge had the tendency to hire their friends and relatives, and so on and so forth. How did this position come about so that you got employed at Ornge?

Mr. Jay Lebo: An HR manager at Ornge reached out to me. At that time, I had never heard of Ornge; I didn't know who they were. I got an email from someone in the HR department at Ornge saying that they had found my resumé in the Ivey resumé book—the school publishes a book of resúmes of recent graduates—that the CEO had specifically asked for a recent Ivey graduate and that they had identified me as a potential candidate and invited me to apply for the position.

Mr. Reza Moridi: So you didn't have any personal dealing with Dr. Mazza or any executive prior to—

Mr. Jay Lebo: I had never heard of them or the organization.

Mr. Reza Moridi: You worked as Dr. Mazza's executive aide between the years 2008 and 2009, for about a year; is that correct?

Mr. Jay Lebo: Yes.

Mr. Reza Moridi: And from there, you moved to become the regional operations manager for the greater Toronto area at Ornge; is that correct?

Mr. Jay Lebo: Yes.

Mr. Reza Moridi: How did this change in position come through?

Mr. Jay Lebo: It began in the back of a taxi with Steve Farquhar in Saskatoon. We were working on the Saskatchewan project together. We were just making conversation and he mentioned his frustration with not having a manager in Toronto. He talked about how the region was in crisis, how he couldn't get anyone to apply for the job and how, between the operational challenges and the labour relations challenges, he really needed a manager there. I said to him that sounded like a tremendous challenge and opportunity, and given the right kind of support, that might be a challenge that I would like to take on.

Mr. Reza Moridi: Dr. Mazza has been characterized in many ways by people who came as witnesses to this committee. He has been called, for example, “inspiring” but also “controlling” and even a “monster.” Another witness, actually, Mr. Tom Rothfels, described him as “charming but emotional,” and explained that the organization was top-driven. These are the points some of the witnesses made to this committee. How would you describe Dr. Mazza and his management style?

1320

Mr. Jay Lebo: I’ve been following these committee hearings, and I think all of the adjectives that you’ve heard are true. He is all of those things. I could add adjectives of my own if you’d like, but—

Mr. Reza Moridi: Yes, please.

Mr. Jay Lebo: Okay. He is inspiring and charismatic and deeply intelligent and passionate. He is also controlling. I want to use the word “paranoid,” but not in a clinical sense because I can’t diagnose him, but fearful of a lot of things; autocratic, volatile. I think that covers it.

Mr. Reza Moridi: Okay, thank you. In an article that appeared in the Star Phoenix—I guess this is the Saskatchewan paper, right?

Mr. Jay Lebo: Yes.

Mr. Reza Moridi: On February 10, 2012, you were quoted as describing Ornge as an autocratic organization.

Mr. Jay Lebo: Yes.

Mr. Reza Moridi: You already mentioned that he was an autocratic person, basically—Dr. Mazza.

Mr. Jay Lebo: Yes.

Mr. Reza Moridi: What did you mean by that, or what do you mean by “autocratic”?

Mr. Jay Lebo: It was his way or the highway. Dissent in the organization was not tolerated. You either did as you were told with a smile or you were shown the door.

Mr. Reza Moridi: Were there any instances, in your view, of which you’re aware, of Dr. Mazza ramming an initiative through despite advice to the contrary?

Mr. Jay Lebo: I’m sorry, could you please repeat that?

Mr. Reza Moridi: Yes. Were there any instances which you were aware of where Dr. Mazza rammed an initiative through despite advice to the contrary? Any specific example of his being autocratic or—

Mr. Jay Lebo: The boat that we all know of: The boat was purchased before I arrived in Ornge, but it was my understanding, not that he went ahead despite advice to the contrary, but that he went ahead unilaterally and announced one day that he had done this.

There was another instance in which he announced during a meeting of the executive management team that he had sold Ornge’s hangar at the Toronto Island Airport to Porter.

I can’t recall any instances where somebody said, “Don’t do this,” and then he went ahead and did it. But there were certainly times where he just went and did things, and there were other times where people expressed, let’s say, more general concerns, not, “Don’t do this project,” but rather, “We have a problem here,” or, “I

think that you should change this.” People learned that your time at Ornge would be short if you kept that up.

Mr. Reza Moridi: The Star Phoenix article—the same article, actually—reports that you and several others at Ornge were fired in 2010 without any cause. Is this correct?

Mr. Jay Lebo: Yes.

Mr. Reza Moridi: You are cited as saying that you frequently disagreed with them and they didn’t like it. What did you disagree over?

Mr. Jay Lebo: A variety of things, but more than anything else I disagreed with management’s tactics. As I mentioned to Mr. Klees, the overarching strategic goal for the organization was operational excellence. The biggest problem, in my region in particular, was trust, morale and engagement. I felt that senior management’s style was making it impossible to achieve those objectives.

Mr. Reza Moridi: Who are “they” in the article? When you refer to “they,” do you meant the senior management?

Mr. Jay Lebo: Yes.

Mr. Reza Moridi: Were any of the concerns you raised when you disagreed with them addressed? Did they ever address your concerns when you disagreed with them?

Mr. Jay Lebo: No. On the contrary, when I was terminated I was informed that the reason for my termination was that it appeared to them as though I felt senior management lived in an ivory tower, that I dissented too much and I didn’t fit in with the direction the organization was going. That was an hour-long conversation. But the very first thing that was expressed to me after I was informed that my employment was being terminated was, “Jay, you seem to think we live in an ivory tower, and we don’t understand why you feel that way.”

Mr. Reza Moridi: So they simply ignored you, basically.

Mr. Jay Lebo: I would have preferred to be ignored; I was terminated.

Mr. Reza Moridi: You were terminated, yes.

Mr. Lebo, we touched very briefly on this issue earlier when I asked you whether you came to be employed at Ornge due to any family or personal relationship, but I want to revisit this issue a little more because, as I explained, there seemed to have been a pattern at Ornge of hiring friends and family members etc., regardless of qualifications.

One person who has stood in this committee was Ms. Kelly Long, Dr. Mazza’s girlfriend. Ms. Kelly Long was originally hired at Pathway Group and then seconded to Ornge, and a few months later Ms. Long was hired to work at Ornge as a junior level communications officer. This was in December 2006. She was earning \$60,000 a year for that position. Then she quickly ascended to the ranks of associate vice-president in 2011, with a salary of \$120,000 a year. In just a few years, her salary doubled.

When Dr. Mazza appeared before this committee, he maintained the view that Ms. Kelly Long was just a

friend of his when she first started her work at Ornge. Is this true? And if yes, when did Dr. Mazza and Ms. Long begin dating?

Mr. Jay Lebo: I don't know. I always knew that they were friends; that was not a secret. When they became more than friends, I don't know.

Mr. Reza Moridi: Didn't it strike you that this was odd, that Dr. Mazza was dating one of his much younger employees?

Mr. Jay Lebo: I didn't know that they were dating. I remember thinking, "If they are dating, then this is not good," but I didn't know.

Mr. Reza Moridi: You weren't aware.

Dr. Mazza said that Ms. Kelly Long was smart and that her ascension through the ranks was due to her ability and not to her status as his girlfriend. Do you agree with this statement?

Mr. Jay Lebo: No. Intending no disrespect to Ms. Long, I don't agree with that statement.

Mr. Reza Moridi: In a few short years, Ms. Long went from making \$60,000 to \$120,000 a year. That's a lot of money, as you know. Do you believe that someone with Ms. Kelly Long's limited experience should have been making \$120,000 a year?

Mr. Jay Lebo: No.

Mr. Reza Moridi: Thank you.

It's my understanding, Mr. Lebo, that Ms. Kelly Long was originally hired by Pathway Group and then seconded to Ornge because Dr. Mazza had another girlfriend at that time working at Ornge. Do you have any knowledge of this?

Mr. Jay Lebo: No, I don't.

Mr. Reza Moridi: It has been reported in the media that Dr. Mazza earned a whopping \$1.4-million-per-year salary in the year 2011. In addition, he received loans from Ornge to purchase his million-dollar home, and he received a medical stipend as well. Were you aware of Dr. Mazza's outrageous salary and benefits and the whole compensation?

Mr. Jay Lebo: I was aware of Dr. Mazza's compensation at that time, and at that time, in my opinion, it was not outrageous. It was not \$1.4 million; it was under \$500,000, as I understood it.

1330

Mr. Reza Moridi: At that time.

Mr. Jay Lebo: Yes.

Mr. Reza Moridi: Do you think that Dr. Mazza deserved this type of compensation while working for a not-for-profit entity such as Ornge? Did not the organization receive the majority of its funding from the taxpayers' funds, from the government of Ontario?

Mr. Jay Lebo: If you're speaking of compensation of \$1.4 million, no, I don't think that's reasonable.

Mr. Reza Moridi: When Dr. Mazza appeared before this committee, he said that he regretted that his \$1.4-million-a-year salary had become—I'm just quoting him saying it—"a lightning rod for controversy." However, Dr. Mazza refused to acknowledge that his compensation package was in any way excessive and repeatedly told

this committee that he was not involved in setting up his own compensation. He said, "My compensation was always the purview of my board of directors. I had no input into my compensation. I had no opinion that was ever—my opinion was never requested about my compensation."

It's somehow bizarre that Dr. Mazza was unable to confirm his salary for the committee over the years and tried basically to convince this committee that he had no input to his salary and to his compensation. Rather, he seemed to suggest that the board of directors simply set his salary and compensation without even him negotiating with them.

During your time, your work at Ornge, and working for Dr. Mazza as his executive aide, were you ever aware of or do you have any knowledge of any involvement of Dr. Mazza relating to establishing his compensation?

Mr. Jay Lebo: No. Dr. Mazza worked hard to manage his board. It's hard for me to imagine that anything at the board happened without his influence, but I have no specific knowledge of what you're asking me about.

Mr. Reza Moridi: In your letter to this committee, where you offered basically to appear before the committee, you suggested that your salary during the year 2008 might represent a misuse of public funds for privileged gains. What did you mean by that?

Mr. Jay Lebo: That's what I was trying to explain to Mr. Klees, that a good deal of my time was spent researching for-profit opportunities. I was always paid out of the Ornge operational budget. So when I found out through the media that 97% of this profit was going to the senior executives and board members, that's when it occurred to me that—I thought that I was working for the benefit of the people of Ontario. It now appears as though I was working for their personal benefit. That's what I meant by that.

Mr. Reza Moridi: It must be hard on you to have that kind of feeling at that moment.

Mr. Jay Lebo: I have lots of feelings about all of this. That's not one of the dominating ones.

Mr. Reza Moridi: While you were an employee at Ornge, Mr. Lebo, what was your salary at that time?

Mr. Jay Lebo: As executive aide to Dr. Mazza, my base salary was \$75,000.

Mr. Reza Moridi: Was this the starting salary when you started working there?

Mr. Jay Lebo: That was a guaranteed base salary, with an opportunity to earn up to I think 20% more, if I recall correctly. My total compensation for the year, including bonus, was slightly less than \$100,000. As regional operations manager, I made about \$10,000 more than that.

Mr. Reza Moridi: So when you left—or you were fired, basically—

Mr. Jay Lebo: Yes.

Mr. Reza Moridi: —your salary and compensation total would have been over \$100,000, or \$110,000.

Mr. Jay Lebo: I think it was a smidge under \$100,000, including all bonuses.

Mr. Reza Moridi: You also wrote to the committee that you were under the impression, while working at Ornge, that for-profit ventures were donating 100% of their profits. Do you still think that this was the case?

Mr. Jay Lebo: No, I don't. No.

Mr. Reza Moridi: Do you have any reason to believe that the money was not being given back to the Ornge not-for-profit?

Mr. Jay Lebo: It's only what I've read—reading the Auditor General's report and reading the reports in the media. That's how I came to understand that 97% of the money was destined for the individual shareholders.

Mr. Reza Moridi: Thank you. In your resumé, Mr. Lebo, you stated that you provided strategic advice and tactical analysis for securing new sources of revenue and promoting the Ornge brand. How did Dr. Mazza describe this vision to you?

Mr. Jay Lebo: Which vision do you mean, exactly?

Mr. Reza Moridi: Your job, basically, at Ornge saying that you were providing strategic advice and tactical analysis for securing new sources of revenue for Ornge and promoting the Ornge brand—I guess you had conversations with Dr. Mazza.

Mr. Jay Lebo: Yes.

Mr. Reza Moridi: How did he convey his vision to you so that you could develop this kind of strategy and tactics for the organization?

Mr. Jay Lebo: He felt that Ornge was a world leader in transport medicine, that it was the best organization of its kind. He referenced some other companies: the Royal Flying Doctor Service of Australia, for example. You may have heard of them. If you have heard of them, it's remarkable that you have heard of them, because they're in Australia. He wanted a similar global reputation for Ornge and felt that if that could be achieved, it could be very lucrative.

Mr. Reza Moridi: That was basically your job, to develop such strategies and tactics.

Mr. Jay Lebo: Yes, to research the opportunities and to make the CEO aware of them and to make my recommendations when asked.

The Chair (Mr. Norm Miller): You have about three minutes left.

Mr. Reza Moridi: Thank you. Between the years of 2006 and 2011, Ornge established a series of affiliated corporations, as you know, some of which were not-for-profit. Many of them were for-profit corporations. I'm not going to name all of them, but the list includes Ornge Peel, Ornge Issuer Trust and Ornge Global Air Inc. Were you involved in these initiatives?

Mr. Jay Lebo: No. I observed them; I wasn't involved.

Mr. Reza Moridi: Were you aware that Dr. Mazza's salary used to be disclosed on an annual basis on the sunshine list, but in the year of 2008, when Dr. Mazza's employment was transferred from not-for-profit Ornge to Ornge Peel, his name ceased to appear on the sunshine list? Was there ever any discussion around using the for-

profit entities at Ornge to shield executives from having to disclose their salaries on the sunshine list?

Mr. Jay Lebo: Yes.

Mr. Reza Moridi: Thank you very much.

Mrs. Liz Sandals: Can you tell us about it? The conversation that you were aware of.

Mr. Jay Lebo: Sure. We're now going back more than three years. I don't recall the specifics of the conversations, but certainly at the executive management team meetings it was discussed, by moving us onto the—"us" meaning the executives—by moving the executives onto the payroll of the for-profit companies, they could be removed from the sunshine list, and that would be good.

Mrs. Liz Sandals: So that was an explicit conversation that you overheard.

Mr. Jay Lebo: Yes.

Mrs. Liz Sandals: Thank you.

The Chair (Mr. Norm Miller): Very well. We'll move on to the opposition. You have two minutes.

Mr. Frank Klees: Mr. Lebo, in the time that you were associated with Mr. Mazza, do you recall any meetings that he would have had with the Premier?

Mr. Jay Lebo: No.

Mr. Frank Klees: Any meetings that he might have had with the Minister of Health?

Mr. Jay Lebo: Yes. I recall that he had a meeting with Minister Smitherman. I don't think I remember anything more than that.

Mr. Frank Klees: No details about that?

1340

Mr. Jay Lebo: No, I believe it was over dinner. I'm sorry; I don't remember anything more about that.

Mr. Frank Klees: You're familiar with the—

Mr. Jay Lebo: Excuse me, Mr. Klees. When Mr. Smitherman was succeeded by Minister Caplan, I believe that there was also a meeting during which Chris wanted to introduce himself to the new minister, and I think that that happened.

Mr. Frank Klees: So he would have had a meeting with Minister Caplan as well.

Mr. Jay Lebo: Yes.

Mr. Frank Klees: You're familiar with the Meyers Norris Penny audit—

Mr. Jay Lebo: Yes.

Mr. Frank Klees: —a fairly extensive audit. Were you involved in that audit at all?

Mr. Jay Lebo: I wasn't involved in the audit. It depends what you call "involved." I was asked to make some—there were a few occasions where someone would come to me and say, "The auditor is asking for this. Can you help us with that?"

Mr. Frank Klees: Were you ever instructed to give false information to the auditors?

Mr. Jay Lebo: I was instructed to create false information for the auditors.

Mr. Frank Klees: And who would have instructed you to create that false information?

Mr. Jay Lebo: Dr. Mazza and Maria Renzella.

Mr. Frank Klees: What was the nature of the information, to the best of your recollection, that they were trying to falsify?

Mr. Jay Lebo: To the best of my recollection, the auditors were asking for the business justification for a number of expenses, and I was asked to write the business justifications and to backdate them.

Mr. Frank Klees: And did you do that?

Mr. Jay Lebo: I wrote the business justifications but I did not backdate them. I put the correct dates on them.

The Chair (Mr. Norm Miller): I'm sorry; you're out of time, Mr. Klees. We'll move to the NDP.

Mr. Frank Klees: Thank you.

M^{me} France Gélinas: Okay, so the auditors are in there. Basically, what Dr. Mazza is asking you to do is illegal; you don't backdate documents. So you wrote them up but you put the actual dates on it.

Mr. Jay Lebo: That's what I recall, yes. That's the best of my recollection.

M^{me} France Gélinas: So here we have Dr. Mazza asking you to do something specific, and you're not doing what he wants. I expect you out the door the same night, but you're still there. You stayed there after not following his order.

Mr. Jay Lebo: Yes.

M^{me} France Gélinas: How did it go?

Mr. Jay Lebo: It was never mentioned again. You know, when I delivered the documents to Ms. Renzella, they were in the form of an electronic Word document. If she wanted the date changed, she could have done so herself without coming back to me.

M^{me} France Gélinas: Do you figure that's what happened?

Mr. Jay Lebo: At the time, I didn't expect that that would happen. I know more now than I did then. In retrospect, for them to do that would seem consistent with a pattern of behaviour; at the time, it seemed implausible that they would actually go through with that.

M^{me} France Gélinas: Was this the first and only time you were asked to do something that was morally wrong or illegal?

Mr. Jay Lebo: It was the only time I was asked to do something illegal. It was not the only time I was asked to do something morally wrong.

M^{me} France Gélinas: Give me an example.

Mr. Jay Lebo: The examples would have come from my time as regional operations manager, where I actually had responsibility for doing things. I was instructed to lie to paramedics.

Mr. Jagmeet Singh: About what?

Mr. Jay Lebo: About what? One example I can give is that during that year the organization's budget for paramedic overtime had been far exceeded. It was something like 50% beyond what it was supposed to be and there were still some months left in the year. The collective bargaining agreement between the CAW, representing the medics, and the organization specifically said that paramedics' vacation could only be denied on the grounds of "operational requirements." I and my

fellow regional operations managers were instructed to deny vacations to mitigate the hemorrhaging of the overtime budget, but if asked why we were denying vacation, we were instructed to say it was for operational requirements.

The Chair (Mr. Norm Miller): And we must move to the government now. Go ahead, Ms. Sandals.

Mrs. Liz Sandals: Were there other examples? You said that the backdating of documents was the only thing that you were asked to do which was illegal. Were there other things you were asked to do which were morally wrong?

Mr. Jay Lebo: I was instructed to terminate people where I felt that doing so was morally wrong. I was—

Mrs. Liz Sandals: We don't need names, but give us a sense of why.

Mr. Jay Lebo: Sure. I was instructed to terminate one person who had done nothing wrong at all, but by virtue of where he lived—it's hard to explain. Having this person on the payroll was more expensive than having some other person on the payroll who lived in a more convenient place. I was instructed to terminate him for that reason, even though the collective bargaining agreement is very specific about what are permissible terms for termination, and this is not one of them. You can't terminate a unionized employee who has done nothing wrong, and that was precisely what I was instructed to do.

There was another paramedic whom I was instructed to terminate even though I felt that this person needed help—was facing challenges that I wasn't qualified to diagnose—but that terminating this person was neither in the organization's interest nor in his interest; I did not feel right about doing that. I objected repeatedly and was ultimately given a flat-out order: "Do this today."

Mrs. Liz Sandals: So, "He goes or you go"?

Mr. Jay Lebo: Yes, and I went anyway, about two weeks later.

Mrs. Liz Sandals: Thank you.

The Chair (Mr. Norm Miller): We are out of time, so thank you very much, Mr. Lebo, for coming in.

Mr. Jay Lebo: Thank you.

ORNGE

The Chair (Mr. Norm Miller): Our next witness is Mr. Poul-Erik Binderup, senior pilot, fixed-wing operations, from Ornge. If he could come up, please.

Welcome. Just to confirm: You have received the letter for witnesses coming before the committee?

Mr. Poul-Erik Binderup: Yes.

The Chair (Mr. Norm Miller): Very well. Our clerk has an oath for you.

The Clerk of the Committee (Mr. William Short): The Bible is in front of you there, Mr. Binderup.

Mr. Binderup, do you solemnly swear that the evidence you shall give to this committee touching the subject of the present inquiry shall be the truth, the whole truth and nothing but the truth, so help you God?

Mr. Poul-Erik Binderup: So help me God.

The Clerk of the Committee (Mr. William Short): Thank you.

The Chair (Mr. Norm Miller): If you'd like to make a short opening statement, you're welcome to, and then we'll move to questioning after that.

Mr. Poul-Erik Binderup: Thanks. Good afternoon. My name is Poul-Erik Binderup, and I am one of the fixed-wing pilots who operate the PC-12 aircraft for Ornge based in Thunder Bay. When I was asked to come and appear before this committee, I spent countless hours, mostly while I was trying to sleep, considering what I could possibly add to the extensive testimony that has already been given, in an effort to get to the bottom of the current state that Ornge finds itself in.

I debated what words of wisdom that I might be able to impart that would convince everyone to get along and get down to fixing what needs to be fixed. However, I realized that that would require more than a few clever words. Then I thought that I should arm myself with statistics and information that might make me seem wise—I didn't think on that one too long—or perhaps I should watch as much testimony as I could and then I could pick all of the good stuff that might help further my agenda. That's when it dawned on me that I wasn't even really sure what my agenda was.

On July 28, I sent a letter to the members of this committee, with the support of many of my fixed-wing colleagues, to say that I stand behind Ornge and that I wanted to see it succeed. I still stand behind that statement. In the weeks following, it became very apparent that I underestimated the biggest problem Ornge has to overcome, and that is lack of trust—not only the public's trust in us, but also our trust in each other and in the Ornge management.

I have been fortunate in my three-plus years at Ornge to work with some very dedicated individuals, not only fixed-wing pilots but paramedics and helicopter pilots who have devoted their lives to the goal of serving the people of Ontario. I owe it to them to show them the respect that they deserve—something that my previous letter neglected to do. For many of these people, it's more than a job; it's a calling.

The fixed-wing pilots are considered the new kids on the block, but many of us hold this model of dedication up as something to aspire to. When Ornge announced in 2009 that it would be starting a fixed-wing division, there were many of us who jumped at the opportunity to be a part of something special.

1350

So now here we are, in the middle of quite an awful mess, to be honest. There have been political lines drawn in the sand, personal lines drawn in the sand and some pretty incredible rifts formed right on the front lines. The very people who should be unified in one purpose are now fractured. Many employees, including myself, have felt forced to pick sides and, in doing so, ran the risk of alienating those with differing views, only serving to deepen these rifts.

Right now, Ornge is dealing with some very serious issues. No one, including myself, is arguing that those issues don't exist. Let's be honest, we need more paramedics and we need more pilots, specifically rotor pilots. I'm sure that there are many other issues needing to be dealt with, but these things, in my opinion, are not insurmountable; they can be fixed. It wasn't that long ago that there were many people in this organization who didn't think there would ever be a chance that the top management would ever be held accountable for mismanaging Ornge. Well, we know how that worked out.

So now the new Ornge management is faced with the daunting task of trying to sort out all these issues while, at the same time, dealing with a rash of new issues that arise. But change is happening.

So now what? Well, it turns out I found my agenda. My agenda is the people who work for Ornge. It's why I came to Ornge in the first place. I still feel that Ornge, with all of its issues, can be fixed. It's going to take a whole lot of work by a whole lot of people, but at the heart of it all we need to be able to trust each other. The new Ornge management needs to be purposeful in establishing an atmosphere of trust, not only within the company but also with the people of Ontario.

I, for my part, feel bad that I lost some of the trust and respect of some of my colleagues by picking a side. I can only pledge to do exactly what I am encouraging others to do, and that is to work even harder to fix what problems I can and hopefully gain back that trust. Certainly, the people of Ontario deserve no less. Thank you.

The Chair (Mr. Norm Miller): Thank you. We'll move to the NDP for the first questioning. Ms. Gélinas.

M^{me} France Gélinas: Sure. Before I start with my questions, I'm sort of curious to know a little bit more. You seem very—how can I say it?—moved by what happened since you picked a side and the lack of trust between some of the front line who work together. When you say “picked a side,” what are the sides?

Mr. Poul-Erik Binderup: Within Ornge there are two very distinct camps. There are people who feel that Ornge screwed up, that Ornge messed up, that they mismanaged the company to the point where Ornge should be disbanded, shut down—however you want to word it—and that a new company or a different company should be given the opportunity to come in and do things right. Then there are those who feel that yes, Ornge messed up, but that, you know, there have been steps taken to rectify that over the course of the last eight months, that we still have a long way to go but that these problems can be fixed and that Ornge should have the opportunity to fix them. With its new management structure, we've seen some of the steps taken towards that—or I have.

M^{me} France Gélinas: So there are people within the organization who still think that Ornge should be disbanded?

Mr. Poul-Erik Binderup: Absolutely.

M^{me} France Gélinas: And it should be shut down?

Mr. Poul-Erik Binderup: Yes.

M^{me} France Gélinas: Are there many?

Mr. Poul-Erik Binderup: There are a vocal few; some are more vocal than others. There are many who are just kind of watching to see what happens, kind of let it play out and hope for the best, and then there are a few on the other side who are actively trying to make things better. I'd say in each camp there's maybe a handful, a half dozen to a dozen, who are fairly vocal either way.

M^{me} France Gélinas: What would there be to win or to gain by dismantling Ornge?

Mr. Poul-Erik Binderup: Well, if you think about it, everybody hates change and this whole thing has really been, in my opinion again, about change. If you look at the rotor-wing pilots who worked for Canadian Helicopters for many, many years—some of them have been there countless years—that job, for them, has become the pinnacle of their career. They worked with Ornge but not for Ornge. Now that contract is no longer, and they're faced with numerous changes to their operation. Ornge is doing things differently, perhaps with the same helicopter, but it's a different operation, and it has had to play by different rules. That change can be very difficult, for sure.

It's the same for paramedics. Many of the paramedics who have worked for Ornge have seen many changes. Some of them worked for the Ministry of Health back before Ornge was in operation. They saw Ornge come in and saw the mismanagement happening. Some of them tried to raise concerns over the years that weren't listened to. But they saw all that change happening, and a lot of it, for them, was not for the better. For them, there was actually, honestly, a collective cry of cheer when Dr. Mazza was fired. There were quite a number of paramedics that thought, at that point, "Yay; our team won."

On the fixed-wing side, again, we're kind of the new kids on the block, so we haven't seen any of that change. We came in under the guise of thinking that Ornge had it all together. Really, all we had to go by, for the most part, were the paramedics and the rotor pilots that we would end up working with. Change is difficult, for sure.

M^{me} France Gélinas: From the time you were there, you had never heard of problems at Ornge, of whistle-blowers coming to the government, of whistle-blowers coming to the opposition, of people thinking that something is wrong at Ornge? Until it hit the front page of the paper, you had never heard of anything wrong?

Mr. Poul-Erik Binderup: No. There were memos. There were inside jokes, if you will, about Dr. Mazza and some of his memos. For us, we came in at a time—the summer of 2009—when a lot of this, I believe—I don't know the exact timeline—was just starting to really develop. Ornge Global came in the next summer, I believe. I don't know how long that had been in the works prior to that.

While there were always people that were quite vocal about the downside at Ornge, it never presented itself more than people that were vocal about the downside of Ornge. The term "whistle-blower" really never even popped up until this spring, when things really hit the fan.

Mr. Jagmeet Singh: Do you perceive the committee work, or any investigation into things that are not being properly handled at Ornge by the management, as an attack on the front-line workers?

Mr. Poul-Erik Binderup: No, not the committee. There's a perception that lines are divided in the government circles, but not necessarily at the committee level.

That doesn't really make sense; let me try to explain. The opposition has its duties to try and steer the government straight. The government, I think, would try and do its best to lead the people of Ontario. This committee was set up—and this is my understanding, at least—to really get down to the bare bones of what went wrong at Ornge. When it all became very apparent through the Star—Kevin Donovan—

Mr. David Zimmer: Can I ask you to speak into the mike?

Mr. Poul-Erik Binderup: Oh, sorry.

Mr. David Zimmer: Pull the mike towards you—just like this.

Mr. Poul-Erik Binderup: Is that better?

Mr. David Zimmer: That's better, yes.

Mr. Poul-Erik Binderup: Okay. When it all became very apparent, what was actually going on—I'm sorry; I lost my train of thought. What was your question?

1400

Mr. Jagmeet Singh: I can move on to another area.

Mr. Poul-Erik Binderup: Oh, the committee.

Mr. Jagmeet Singh: Just in general—I mean, I don't want the front-line workers to think that by looking at what Ornge did wrong or how Ornge was mismanaged or how there was some oversight that was not done by the government, perhaps, then none of that—I hope that the front-line workers don't think that that is in any way casting aspersions on their work or on their qualifications or on their quality of care.

Mr. Poul-Erik Binderup: No, we understand—I can really only speak for myself for the most part, but we understand that there is a job to be done, that you guys need to get to the bottom of what happened. How else are we going to make sure that it doesn't happen again?

Mr. Jagmeet Singh: Sure; that's exactly it.

Mr. Poul-Erik Binderup: Yes. The front line—we've had some disparaging things from the public through all of this. But the public is kind of funny that way. Sometimes they will latch on to the negative things that can just as easily fizzle and go away. You kind of roll with that, I guess.

Mr. Jagmeet Singh: Sure. Do you know Bruce Wade?

Mr. Poul-Erik Binderup: I do.

Mr. Jagmeet Singh: Do you know him personally?

Mr. Poul-Erik Binderup: I do.

Mr. Jagmeet Singh: And how would you describe your relationship with him?

Mr. Poul-Erik Binderup: Strained as of late.

Mr. Jagmeet Singh: Can you explain to me what a FOOR is?

Mr. Poul-Erik Binderup: FOOR is basically a flight operations occurrence report. It's our way of basically making the company know of just about anything that happens within Ornge. That could be a delayed departure, it could be a declined trip due to weather, safety concerns reports. It's tied very closely with our safety management system, so it's partly the safety system as well as just our way of tracking information in general.

Mr. Jagmeet Singh: Do I have it correct that you initiated or wrote up a FOOR in regards to Mr. Wade?

Mr. Poul-Erik Binderup: I did.

Mr. Jagmeet Singh: And what was the basis of that FOOR?

Mr. Poul-Erik Binderup: I don't want to get into—if I am allowed the latitude, I don't want to get into bashing of Mr. Wade any further than has already been done.

For me, I initiated that process as a way to hold Mr. Wade accountable for his actions in the workplace. That strictly stemmed around the way that he carried himself at work, which in my opinion created a hostile work environment.

Mr. Jagmeet Singh: So it would be a personality thing as opposed to an actual—the way he was flying his aircraft or the way he was—

Mr. Poul-Erik Binderup: No, it had nothing to do with the way he was flying his aircraft.

Mr. Jagmeet Singh: Okay.

Mr. Poul-Erik Binderup: My worry would be that it would affect me in a way that I flew mine.

Mr. Jagmeet Singh: And how would it affect you?

Mr. Poul-Erik Binderup: We're trained as pilots every year in terms of human factors, things that affect us from outside the cockpit that could affect us inside the cockpit—somebody going through a divorce, financial troubles. I mean, it could be anything. We're trained in that manner to recognize or at least try to recognize these things. I felt that it was getting to the point where it was becoming what we would call a human factor.

Mr. Jagmeet Singh: I get a sense that you're somewhat of a leader amongst, perhaps—maybe not officially, but definitely you have some leadership qualities. Is that how people look up to you in your organization?

Mr. Poul-Erik Binderup: I'm sorry?

Mr. Jagmeet Singh: Is that how people regard you in your organization?

Mr. Poul-Erik Binderup: I'd like to think I'm well respected and I certainly get along with people that I work with, for the most part.

Mr. Jagmeet Singh: Does that also apply, then, to upper levels of management, that you have a very good relationship with them as well?

Mr. Poul-Erik Binderup: I do; I try. In Thunder Bay, we don't have much contact with the management here in Toronto; just geographical for the most part, some via email and whatnot—

Mr. Jagmeet Singh: In terms of upper management, who would your contact person be that you have—

Mr. Poul-Erik Binderup: My direct supervisor would be our chief pilot, Jim Bennett.

Mr. Jagmeet Singh: I'm sorry, who—

Mr. Poul-Erik Binderup: Our chief pilot, Jim Bennett, would be my direct supervisor.

Mr. Jagmeet Singh: And then, besides Mr. Bennett, in terms of any contact here in Toronto, who would you have relationships with—

Mr. Poul-Erik Binderup: Beyond that would probably be, right now, Jeff Garipey. He's our director of flight operations. He would be the next up the—

Mr. Jagmeet Singh: The ladder.

Mr. Poul-Erik Binderup: —chain of command.

M^{me} France Gélinas: I've put a copy of an email that you sent out on July 27. Do you recognize this email?

Mr. Poul-Erik Binderup: Yes, I sure do.

M^{me} France Gélinas: I will read some of it into the record later, but I want to first give you an opportunity to give me some context as to, why would you write to all of the fixed-wing pilots, from the people I was able to identify—some of them I have not been able to identify—what were you hoping to achieve, and did you achieve your goals?

Mr. Poul-Erik Binderup: I guess partly it was a two-fold thing. As a group in Thunder Bay, and the Sioux Lookout and Timmins bases as well, we always have the opportunity to talk, and many of us had become very frustrated with what we perceived as being a very negative turn on Ornge, both in the press and even within our own workplace and work environment. The negativity was really starting to beat us up, to be honest. There was a pretty solid sentiment among the fixed-wing pilots that we just didn't know what to do. Where do we go? What do we do?

At that point, I guess my first thing that I did was, I went to my union representative. I sent him an email and asked how we might go about filing a grievance, given the work environment that we were working in. The union indicated to me that it wouldn't be able to do anything. I'm not very well versed in union protocols, but same union, two different bargaining units, so it felt like the answer was, how does one bargaining unit complain against the other? I didn't really have any reason to believe that that wasn't the case, so I left that. I didn't pursue it through the union.

My next avenue, I felt, was to send something through the FOOR, through our safety department, in that respect. That's where the original complaint actually came in.

The other part of this was that, again, we were feeling a very negative sentiment in terms of how Ornge was being portrayed. Some of it we didn't feel was fair. The fixed-wing pilots really hadn't had a voice at that point. That's when I drafted the letter to the committee—on July 28, I believe.

The email itself was kind of twofold. It was to see, first of all, if there was support behind a move to actually draft a letter and send it. So this email went out prior to that letter. The issue with Mr. Wade was something that had happened prior to the letter as well, so it was kind of a separate issue, although the two are inexplicably united.

The pilots that I spoke with to whom I sent this email indicated that they were behind that process. So that's why I went forward with the letter. I believe there was an attached—I had sent as well some of the comments from the pilots to kind of indicate that support as well.

We just felt that we hadn't had a voice up to that point and that it was important that somebody heard from a group of pilots that really kind of stood behind Ornge and wanted to see it succeed.

M^{me} France Gélinas: There are lots of people who want Ornge to succeed. I represent the fourth-biggest riding in northern Ontario. All of my constituents depend on Ornge being there in their time of need because this is the way we get ambulance services for the people. There are a lot of people who want Ornge to succeed, but we don't go about shutting down the people who are saying, "Well, things were not that good." You realize what has happened to Mr. Wade since you put the FOOR forward?

1410

Mr. Poul-Erik Binderup: Yes.

M^{me} France Gélinas: What has happened to Mr. Wade?

Mr. Poul-Erik Binderup: Since that time, Ornge has hired an outside, independent investigator to investigate the allegation. I'm not sure exactly how that process will end. I didn't really see that process starting to begin, to be honest. I thought that at some point there needed to be some accountability for his actions. That was my goal: that somebody would just say, "Stop."

M^{me} France Gélinas: What action do you figure he was not being held accountable for?

Mr. Poul-Erik Binderup: Mr. Wade has been described as a very passionate individual, but he comes across as angry and argumentative—

Mr. Jagmeet Singh: So you filed a FOOR against him because he's angry?

Mr. Poul-Erik Binderup: No, no.

Mr. Jagmeet Singh: You filed a FOOR against him because he's complaining about things?

Mr. Poul-Erik Binderup: I filed a FOOR against him because that's the way—

Mr. Jagmeet Singh: It's not acceptable to you that someone can complain about what's going on in the workplace?

Mr. Poul-Erik Binderup: I know that you folks have protocols that you need to follow in Parliament, and if you go outside of those protocols, then you are held accountable. There are things that you can and can't do. I felt that, in my opinion, Mr. Wade was creating an environment where—

Mr. Jagmeet Singh: How was he creating this environment?

Mr. Poul-Erik Binderup: Use of language—

The Chair (Mr. Norm Miller): Please let him finish, Mr. Singh.

You have three minutes left, by the way.

Mr. Jagmeet Singh: Sure.

Mr. Poul-Erik Binderup: Use of language, being aggressive, argumentative, raised voice—

M^{me} France Gélinas: You're describing 50% of the pilots that I know.

Mr. Poul-Erik Binderup: Could be, but 50% of the pilots that you know don't make people angry back and don't create an environment whereby I don't feel safe to go to work. I can only tell you how he made me feel at the time.

Mr. Jagmeet Singh: How often do you cross each other's paths?

Mr. Poul-Erik Binderup: Not very often.

Mr. Jagmeet Singh: In your day-to-day work, you go and fly a fixed-wing aircraft; he flies a rotary-wing aircraft?

Mr. Poul-Erik Binderup: Yes.

Mr. Jagmeet Singh: Do you have shared locker rooms?

Mr. Poul-Erik Binderup: No.

Mr. Jagmeet Singh: Do you have shared places where you change clothes?

Mr. Poul-Erik Binderup: Yes.

Mr. Jagmeet Singh: And how often do you work the same shift?

Mr. Poul-Erik Binderup: I would say—

Mr. Jagmeet Singh: How many times a week, let's say, would you cross his path?

Mr. Poul-Erik Binderup: How many times a week? Maybe two to three.

Mr. Jagmeet Singh: Two to three times a week, you cross his path. And how long would you be in his proximity for, in terms of minutes, hours, seconds?

Mr. Poul-Erik Binderup: That would depend. If we were sharing a shift, we would be there 12 hours.

Mr. Jagmeet Singh: And you would be in the same workplace?

Mr. Poul-Erik Binderup: We'd be in the same workplace.

Mr. Jagmeet Singh: And how close together would you be sitting?

Mr. Poul-Erik Binderup: That depends. If we were sitting in the lunchroom together, then we'd be very close. Rotary pilots and fixed-wing pilots share a flight planning office, so again there's close proximity. It's not that big a facility.

M^{me} France Gélinas: When was the last time you spent a 12-hour shift with Mr. Wade?

Mr. Poul-Erik Binderup: It would have been in July.

M^{me} France Gélinas: In July this year?

Mr. Poul-Erik Binderup: Yes.

M^{me} France Gélinas: And the time before that?

Mr. Poul-Erik Binderup: There would be several times in July.

M^{me} France Gélinas: Where you worked together.

We'll save our time.

The Chair (Mr. Norm Miller): Okay; very well. We'll move on to the government. Ms. Sandals.

Mrs. Liz Sandals: Thank you, Mr. Binderup. How do we pronounce that properly?

Mr. Poul-Erik Binderup: It's Binderup, yes.

Mrs. Liz Sandals: Thank you. There has been a lot of discussion about the letter that you wrote. Just so we can be absolutely clear, I think you've described already that you had a discussion with some of your fellow pilots about whether you should do something. Did anybody ask you to write that letter?

Mr. Poul-Erik Binderup: No; absolutely not.

Mrs. Liz Sandals: So this was something that you, with the support of some of your fellow pilots, wanted to do. It isn't that somebody came to you and asked you to—

Mr. Poul-Erik Binderup: No; absolutely not.

Mrs. Liz Sandals: And there's a mention here that you contacted Minister Gravelle's office.

Mr. Poul-Erik Binderup: Yes.

Mrs. Liz Sandals: Would he have been your MPP in Thunder Bay?

Mr. Poul-Erik Binderup: He is one of the MPPs in Thunder Bay, yes. I don't think that he's mine, actually. He's in the north end of the city. But I had known of him through a mutual friend.

Mrs. Liz Sandals: Okay, so he was one of your area MPPs, which is—

Mr. Poul-Erik Binderup: But it wasn't him. It was his assistant, Mr. Larry Joy, whom I was actually able to contact.

Mrs. Liz Sandals: Okay, so you spoke to Mr. Joy. You didn't actually speak to Mr. Gravelle.

Mr. Poul-Erik Binderup: That's correct.

Mrs. Liz Sandals: And what was the conversation that you had with Mr. Joy?

Mr. Poul-Erik Binderup: I indicated to him that we, as a group of fixed-wing pilots, would like to basically stand behind Minister Deb Matthews, because we felt that she had shown some support to us so we'd like to return the favour, basically, and how would I go about getting a letter to her or to the committee or to someone, to do that, to make that happen?

Mrs. Liz Sandals: So you went to Mr. Joy and said, "We'd like to send a letter," and asked him for our contact information for the committee or the minister or whoever.

Mr. Poul-Erik Binderup: Exactly—whatever he was able to do, or did he think that was even possible?

Mrs. Liz Sandals: Could we talk a bit about some of the things that you actually did say in your letter that you sent to the committee?

You say in your letter that in December of last year, you "watched as the fabric of the Ornge machine began to unravel." Can you explain to us what you meant by the fabric of Ornge beginning to unravel? You were having a poetic flight here, so let's get some specifics.

Mr. Poul-Erik Binderup: Basically, we watched, the same as everybody else did, through the newspaper. I guess it was probably the middle of December when things really became open, or began to open up, essentially, in the press. We watched that happen, just the same as everybody in Ontario did, I guess—very concerned. The whole thing seemed to be kind of falling

down, so everybody, I think, was concerned initially, until it started to take shape and we could get an idea of what was actually going on and who was being singled out and how that actually took shape.

Mrs. Liz Sandals: One of the other things that you talked about was an issue that seemed to be part of the conflict, maybe, between yourself and Mr. Wade, if I can put it that way. You talked in your letter about, "There have been issues raised that there are not enough paramedics to staff all the aircraft that Ornge operates. While I cannot speak to optimal staffing levels, I can say that there are many, many cases where the weather precludes the helicopters from being able to respond to a call, where the PC-12 aircraft is subsequently dispatched. And yes, in those cases it is often the helicopter medics that are dispatched on the PC-12. For our part, we are there to fly aircraft and respond to the calls of people all over the province of Ontario who may need us. And if we can respond to that call safely, then we do."

Could you elaborate on that a little bit? For those of us who aren't actually pilots—and actually, there are a couple of pilots in the room—it would be helpful if we understood when a helicopter can go, when an aircraft can go, and this flow back and forth of paramedics.

Mr. Poul-Erik Binderup: I'm going to round-about answer your question, if I could. One of the things that we saw, and I made reference to in that—I'll back you up a couple of paragraphs, where I said that there were people with flawed information. What I was alluding to there, and I guess I didn't maybe say it all that well, was that people were gathering information at that point on downstaffing, for example. Nobody disagrees that we need paramedics for the helicopter, but what I saw happening was that every time a helicopter couldn't fly, it was being blamed on the one issue.

You can take information and you can take data and you can spin it however you want. I'll use an example. For the helicopter in Thunder Bay, they have some pretty strict regulations or guidelines in terms of when they can fly at night just due to the aircraft, Transport Canada regulations and whatnot. They basically need essentially VFR conditions roughly around 3,000 feet before they can actually go out and fly at night.

1420

So, if an aircraft or if a helicopter—let's say the weather is down to 1,000 feet and they can't fly, and the helicopter can't do anything, and then the medics go out on an airplane, is it because of the weather or is it because of the lack of paramedics?

There are some who would take that information and say, "Well, the paramedics are gone. That's down-staffed the helicopter." And while that may be, it's all on how you—

Mrs. Liz Sandals: You up-staff the aircraft—

Mr. Poul-Erik Binderup: We up-staff the aircraft. It's all how you put the spin on it. I want to say, along with that, that I believe that we should have medics for every aircraft so that everything—if the weather is good, everything should be able to fly. So, my issue wasn't

necessarily with the lack of paramedics so much as it was the way that it was being portrayed.

Mrs. Liz Sandals: Okay. The email that Ms. Gélinas mentioned, which is the email from you to some of your colleagues—I suspect that you’re going to get questioned on it more. Would you like to read it into the record and stop and comment on why you wrote what you did? Because I suspect we’re going to have more questions, and when we’ve got you here, go ahead and tell us what you said and tell us why you said it.

Mr. Poul-Erik Binderup: Okay. Do you want me to read from the top?

Mrs. Liz Sandals: Yes.

Mr. Poul-Erik Binderup: Okay. This is, again, an email from myself to my fixed-wing pilot group.

Mrs. Liz Sandals: Yes, and you weren’t anticipating that it was for public consumption, but it’s now been tabled with the committee so it’s now part of the public record.

Mr. Poul-Erik Binderup: “I trust this email finds everyone well as the summer motors on. Many of you have been following the legislative hearings in Toronto by the standing committee investigating the scandal at Ornge.”

Interjection.

The Chair (Mr. Norm Miller): Sorry. Could you slow down a little bit and speak into that microphone, please?

Mr. Poul-Erik Binderup: Sorry. This is all new to me.

“I trust this email finds everyone well as the summer motors on. Many of you have been following the legislative hearings in Toronto by the standing committee investigating the scandal at Ornge. While many of us have been content up to now to watch these on YouTube and smiling, there have been some things developing behind the scenes that I would like everyone to be aware of. Those of you in Thunder Bay are no doubt aware that Mr. Bruce Wade has been a significant source of information to MPP Frank Klees.”

Can I just interject as I go?

Mrs. Liz Sandals: Yes, that’s what I’d like you to do, is comment on—

Mr. Poul-Erik Binderup: Okay. I mean Bruce had commented on this at numerous times as well, so this—

Mrs. Liz Sandals: So you got this information from Mr. Wade himself, that he’d been in contact with Mr. Klees?

Mr. Poul-Erik Binderup: Yes, for sure.

“Mr. Wade has bragged to many of us in Thunder Bay of his relationship to Mr. Klees. He has also made it very clear through ... verbal altercations with flight crew that he wishes to aid Mr. Klees”—and I quote Bruce—“in ‘bringing Ornge down,’ no doubt in the hope that Canadian Helicopters would come riding to his rescue”—again, comments that he had made as well.

“I do not wish to comment on this except to say that this is not how I feel. Mr. Wade does not have my support nor does he represent me in any way. I found out

recently that Mr. Wade has been invited by Mr. Klees to appear before the committee to speak on the state of Ornge. While I do not know what this testimony will entail, I do not get a warm fuzzy feeling about it, that I can assure you. All of a sudden I realized that the time is now to stand up for ourselves and let someone know how we feel. As Terry”—one of my co-workers—“mentioned in his ... email, we are the dirty little secret of Ornge. In fact, when we should be applauded for going out there and making a difference in the lives of Ontarians, we are being shot down and bad-mouthed for ‘stealing’ medics off the helicopter.

“Well, folks, I don’t want to put too fine a point on this, but I have had enough. Having been a part of this from the very beginning, I am extremely proud of what we have accomplished here. And I am even more proud of what we do ... what I do. I think we can all say that. When the weather is less than stellar, we are the guys and gals out there making a difference. It’s time we stood together as a unified group of professionals and let people know how we feel.

“So here is what I have been up to.

“I spoke with Rob Lindsay”—he is our union representative in Thunder Bay—“about the union’s standpoint on this (specifically how Mr. Wade has been undermining our future employment with Ornge). Thank you to Rob for following this up with the union. Unfortunately, the union has indicated that it is unable to do anything with respect to Mr. Wade’s actions.”

“So I filed a FOOR with respect to Mr. Wade’s actions, and indicated that he is creating a hostile work environment and that this matter is bordering on a safety issue. As human factors go, this is distracting when we should be focusing on our duties. I received a positive response from the safety department, and would encourage anyone who feels similarly to file such a report or simply send an email to the safety department.

“Lastly, I have started a dialogue with the office of Michael Gravelle, the local Liberal MPP here in Thunder Bay. I do not want to get into politics here, but the bottom line is that the current Liberal Minister of Health, Deb Matthews, has been a huge supporter of ours over the last number of months, and I believe it is time to return the favour. I will be drafting a letter to Ms. Matthews in essence stating how much we appreciate her support. It is also my goal to put some distance between myself and Mr. Wade. I believe that he is a loose cannon, and has his own agenda that in no way represents how I feel about my job. People like Ron McKerlie and Deb Matthews are the ones on the front lines fighting to keep Ornge alive. It’s time we put some ammunition back in the guns of the people who are trying to defend us against the Wades and Kleeses out there who are constantly taking potshots at us and our livelihood.

“Mr. Wade is scheduled to appear before the committee next Tuesday, and I am hoping to have a letter ... together and sent to Deb Matthews’s office no later than Monday. I am also hoping to be able to send the letters to each member of the standing committee. At this time I am waiting to hear back from Mr. Gravelle’s office with

the contact information ... and with the most advantageous method of proceeding. I will let you know as things progress.

"In the meantime, please understand that I am not trying to convince anyone of anything. If there is any among you that do not feel as I do or don't want to get involved or just really don't care, that is your prerogative. If you do care, then please put together a letter or simply email me your support. Remember there is strength in numbers. There are those individuals out there who are fighting to take away my livelihood and put my family on the street.... Nobody messes with my family (and you all can consider yourselves my family).

"Cheers,
"PE"

Mrs. Liz Sandals: Thank you for taking the initiative, because that's tough to do when you find yourself in a workplace where life has become difficult. We're kind of used to being at the centre of political storms, but when your job is to fly medevac airplanes, you don't really expect to be at the centre of a political storm. So thank you for having the courage to take that initiative.

You've mentioned your intent here and when you wrote the actual letter, to note that you've seen positive changes since Mr. McKerlie replaced Dr. Mazza and the support you've gotten from Minister Matthews. Could you tell us a little bit about the things that you've seen change since December, as the world was unravelling? What's going back together?

Mr. Poul-Erik Binderup: Even right now, one of the things, and this is just kind of from the outside looking in—to address the paramedic issue, for example, right now we have two classes of paramedics that are being upgraded in certification, one in Toronto and one in Thunder Bay. I'm not sure of the exact numbers, but I think there are 10 to 12 in Thunder Bay, and I'm not sure in Toronto. That will go a long way to putting more advanced care paramedics into the mix. We've hired a few, at least, paramedics in Thunder Bay. Some of them have been to replace the paramedics that are now on course, so in that respect, we haven't really seen a whole lot of change in terms of the actual staffing levels in Thunder Bay. But again, from the outside looking in, we've done some hiring and we're doing some upgrading, so that's positive change.

Mrs. Liz Sandals: And you anticipate that when the training is complete, then there will be more people on the ground in Thunder Bay.

Mr. Poul-Erik Binderup: We've hired enough, I believe, to sort of backfill the ones that are on course. We constantly see emails go out in terms of job postings. I don't know how many of those are responded to, but they certainly are looking for paramedics.

Once the courses are complete, then we've got a dozen or more paramedics who are instantly put back into the system as well, which will again go a long way to staffing.

1430

I can't speak to the intent of staffing levels and what the endgame is in terms of staffing. We're having some

difficulties right now keeping helicopter pilots. Again, they're actively seeking out helicopter pilots. I believe there will be two, if not four, rotor pilots coming out of sim this week or next week, who will be put into Moosonee, I believe. Don't necessarily quote me on that, but I know that Moosonee is a big issue right now, and having to down-staff one base to up-staff another. But again, there are pilots being hired. Is it enough? I can't speak to the actual numbers right now, but again, for me, it's a step in the right direction.

Communication has been another big thing. There was a time when, if I were to actually send Dr. Mazza an email and jump the chain of command, I would likely lose my job, or at least that would be a fear. I can actually send Mr. McKerlie an email, and he's quite likely to respond. We get weekly updates in terms of what's going on in the OCC, what's going on the rotor world, what's going on with the different departments. So every week we get at least a taste of what's being done to help. Again, is it enough? I can't speak to that, but there are certainly steps that are being taken in the right direction to fix some of these problems. At this stage in the game, for me, that's good news.

Mrs. Liz Sandals: On the flip side, one of the things Mr. Klees has said, and I think this was in the House, was, "I would not want to be a pilot, I would not want to be a paramedic and I would not want to be a patient. Knowing the track record of these helicopters, I would take my chances getting from point A to point B with some other means."

How would you and your pilot colleagues react when you hear those sorts of comments?

The Chair (Mr. Norm Miller): You have about three minutes left.

Mr. Poul-Erik Binderup: All I can say to that, really, is that, in the face of all this, we take our jobs very seriously. I had a quick look on the website, because I was curious—I alluded to it in the letter—to see how many miles we flew yesterday, between the helicopters and the fixed-wing. It was 27,000 statute miles yesterday. We transported 60 patients. That's something to be proud of. I don't know what all those patients were; we're not supposed to know. But I know that every day I go to work, whether the phone rings or not, if somebody out there needs me, I'm going to go if it's safe to do so. That goes across the board for paramedics, rotor pilots, fixed-wing pilots. Regardless of everything else, we're very happy to do what we do. That's why we're there, and it is what we do. We're medevac pilots.

Mrs. Liz Sandals: Thank you for doing your job. We appreciate that the pilots, regardless of what sort of aircraft they're flying, and the paramedics who are on the ground, are out there doing their job; and, I guess, apologies that the administrative levels of Ornge have interfered with the good work you're out there doing every day and dragged you into a hornet's nest that you have no need to be in the middle of. Thank you very much.

Mr. Poul-Erik Binderup: I appreciate that.

The Chair (Mr. Norm Miller): We'll move to the official opposition. Mr. Klees.

Mr. Frank Klees: Thank you, Mr. Chair. Mr. Binderup, I want to put into context the comments by Ms. Sandals. Those comments were made in response to this document here, which was a confidential document that listed numerous incidents where paramedics had to decline critically ill patients because they were incapable of doing basic CPR because of the interior of the AW139. Are you familiar with that?

Mr. Poul-Erik Binderup: I'm familiar with the document, yes.

Mr. Frank Klees: Does that concern you as someone who is in your profession, that you would have to turn down a patient because the interior of a helicopter would not allow a paramedic to do CPR?

Mr. Poul-Erik Binderup: Absolutely. That's an issue.

Mr. Frank Klees: I would think so.

I want to clarify something else as well. The advantage that I have is that every word that is said in the Legislature and in this hearing is recorded, as is yours. I'm sure that your colleagues will observe this hearing right across the province, and they'll be very interested in what you have to say here, as they were when Mr. Wade was here.

I have some of that record here, and I can tell you, when Mr. Wade came forward, there wasn't a negative thing that Mr. Wade said about fixed-wing pilots or about paramedics. He had a great deal of negative comment to make about the administration at Ornge, the lack of proper resourcing, the fact that incidents such as the one reported just yesterday by the CBC in Thunder Bay—Thunder Bay without an Ornge helicopter yet one more time, and the reason is understaffing.

To Mr. Wade's credit, he was very courageous. I can't tell you the number of times that I spoke with him when he was very hesitant to give us factual information that we could use to make the point not only here in this committee but in the Legislature to get the attention, yes, of the government but also of the administration at Ornge to say, "What is happening is unacceptable."

Sir, you are a very experienced pilot. I have to believe that you're a pretty strong guy. I think you can stand up for yourself pretty well. I can't understand, I have to admit to you, that you felt compelled to report a fellow colleague for what you have described here as being angry, as being unco-operative, as being offensive. You come across him once or twice a month. I would think you could hold your own, perhaps even understand that the reason that Mr. Wade is not a happy man is because of the circumstances that he has to face on a very regular basis about not having enough paramedics to respond to a call, because he shares your calling as well.

Here's what Mr. Wade said when he was here. First of all, he told us about the problems of understaffing of paramedics. He was asked the question, "Are things getting better under the new administration?" On July 31, he said this: "It's not gotten better from the rotary perspective. From the fixed-wing side, kudos to my colleagues. They're doing great work."

Mr. Wade continues to advocate because of what he feels is a patient care issue. I'm concerned about how we got here with you, and I'd like to just follow through on some questions with you. The email that my colleague distributed, that you read into the record, went to your colleagues.

You are the flight training captain?

Mr. Poul-Erik Binderup: I am one of them, yes.

Mr. Frank Klees: And approved check pilot.

Mr. Poul-Erik Binderup: Yes.

Mr. Frank Klees: I understand that you're really the person who reports to management as to which one of the pilots—or if you do your check with the pilot, management would take your recommendation as to whether those pilots deserve to stay on or whether they should perhaps be promoted. Is that true?

Mr. Poul-Erik Binderup: Not just me, and not just for those qualifications.

Mr. Frank Klees: No, but that is one of your responsibilities, right?

Mr. Poul-Erik Binderup: Yes.

Mr. Frank Klees: So those people who are on your email list hold you in pretty high regard, because, as you say—and your entire email is all about your job, let's face it. They're going to be concerned about theirs too. I would think it would be reasonable to assume that any of those colleagues who got that email from you in which you say that one of their colleagues is conspiring with an MPP to bring down Ornge—is it fair to say that those people on that distribution list would be somewhat intimidated by that?

1440

Mr. Poul-Erik Binderup: No, sir.

Mr. Frank Klees: Really? You don't think that would concern them at all?

Mr. Poul-Erik Binderup: No.

Mr. Frank Klees: How can you say that?

Mr. Poul-Erik Binderup: Because I know those guys and girls. I work very closely with them. I have a very good relationship with them. Yes, I'm one of the training captains; I do check rides. We also have outside people do check rides, but I am—

Mr. Frank Klees: Just one of the guys.

Mr. Poul-Erik Binderup: They're my friends. They're my colleagues. No, I would say, absolutely not.

Mr. Frank Klees: Can you share with us what would have emboldened you to ascribe to Mr. Wade the objective of bringing down Ornge?

Mr. Poul-Erik Binderup: I'm not sure I understand the question.

Mr. Frank Klees: You make it very clear in your email that it's Mr. Wade's objective to bring down Ornge, and you ascribe that same objective to me.

Mr. Poul-Erik Binderup: That was a statement that he made.

Mr. Frank Klees: Is there anything in the course of the last number of months that would cause you to think that I, as a member of this committee, as a member of the Legislature who spent hours and hours trying to deter-

mine what went wrong and what it is that we need to do to get things right—that it would be my objective to bring down Ornge?

Mr. Poul-Erik Binderup: Not specifically, no.

Mr. Frank Klees: Thank you. I want to assure you that that is the last thing that any of us here want to do. The reason that we spent hours and hours and hours on this file is because what we want to do is ensure that people like yourself—whether it's on the fixed-wing or rotor-wing, whether it's paramedics or anyone else on the front line—are properly resourced so that we determine what went wrong and so that we can ensure that it'll never happen again, and so that we can restore confidence in our air ambulance service. It'll be up to us to determine what the best go-forward strategy is going to be. That's our objective here. I would suggest that everything that I've heard—there hasn't been a witness that has come forward that hasn't expressed that same objective.

I will say this: The timing seemed somewhat questionable of your email that went out to all of your colleagues. Two days later we get a letter here, and it just so happens to be 24 hours before Bruce Wade is testifying. Is that just coincidence, or was there an intention on your part to send a signal, as you said in your email, that you're going to take it upon yourself; you're going to do something about it; you're going to separate yourself from Wade and you're going to send a strong message? Was that the intent?

Mr. Poul-Erik Binderup: Yes, it was. My intent with the letter was to present a group of pilots that felt differently. Again, my sentiment towards Mr. Wade was based on what he said at work and how he said it. I wasn't drawing conclusions. Many of the pilots have heard him make those statements. Yes, it made us quite concerned—

Mr. Frank Klees: Mr. Wade, today, is—

Mr. David Zimmer: Wait a second. Let him finish. He's midway through his answer.

The Chair (Mr. Norm Miller): Mr. Zimmer, it's okay. I will chair.

Mr. David Zimmer: Thank you, Chair.

Mr. Frank Klees: I thought you were finished. Thank you, Mr. Zimmer.

Mr. Wade, today, is suspended.

Mr. Poul-Erik Binderup: Yes.

Mr. Frank Klees: In large part because of your actions of filing a grievance against him. An investigation is under way.

Mr. Poul-Erik Binderup: Yes.

Mr. Frank Klees: We raised the issue in the Legislature today that his suspension came within hours of him testifying here. You yourself admitted that your letter, your email, his testifying—all were interlinked.

Mr. Poul-Erik Binderup: The timing was absolutely awful.

Mr. Frank Klees: Well, the timing, in one sense, was awful for sure. In the other, it certainly achieved a certain objective, didn't it?

Mr. Poul-Erik Binderup: I had absolutely no objective in terms of having Mr. Wade suspended. That was not my wish.

Mr. Frank Klees: Well, if you didn't want him to be suspended, what was your objective in signing a grievance?

Mr. Poul-Erik Binderup: The grievance was—ultimately, I wanted somebody to take him aside and say—

Mr. David Zimmer: Chair, perhaps we should have a copy of the grievance so that we all know what—

Interjection.

The Chair (Mr. Norm Miller): We've passed a resolution asking for that, Mr. Zimmer. Continue, Mr. Klees.

Mr. Frank Klees: Please continue.

Mr. Poul-Erik Binderup: Okay. Sorry. I thought that—

Mr. Frank Klees: So you filed a grievance. What was your objective?

Mr. David Zimmer: What was the grievance?

Mr. Poul-Erik Binderup: Was for somebody—sorry, I lost my train of thought—was for somebody—

Mr. Frank Klees: Is it not true that the purpose of your filing the grievance was to silence Mr. Wade, to shut him down because he was complaining about what was going on—

Mr. David Zimmer: Chair, that's an inappropriate line of questioning—

The Chair (Mr. Norm Miller): Mr. Zimmer, if you can please just—

Mr. Frank Klees: It's a reasonable conclusion.

Mr. David Zimmer: —we don't have the grievance in front of us.

The Chair (Mr. Norm Miller): Will you allow the questioning, please? Continue.

Mr. David Zimmer: Well, maybe he can tell us what the substance of the grievance was and then that'll help us to understand the—

M^{me} France Gélinas: When you get to ask questions, ask him.

Mr. Frank Klees: Thank you, Mr. Zimmer. Please.

Interjection.

The Chair (Mr. Norm Miller): Mr. Zimmer, can you please—

Mr. Frank Klees: You don't have to listen to Mr. Zimmer. He'll have his time. I'm asking the questions.

Mr. Poul-Erik Binderup: Okay. I wanted somebody to take Mr. Wade aside and say, "Bruce, you're making people angry. Please stop it." Ultimately—

Mr. Frank Klees: So it was for the purpose of silencing him?

Mr. Poul-Erik Binderup: I wanted him—I have conversations all the time with paramedics, with maintenance engineers from Canadian who have radically different opinions from me. We're able to sit down or stand in the hangar and have conversations about it. At the end of the day, we agree to disagree. I was not in any way able to have a conversation with Mr. Wade. It was very hostile. Every encounter with him was very hostile.

Mr. Frank Klees: We have some people like that in the Legislature here, too.

Mr. Poul-Erik Binderup: I can imagine.

Mr. Frank Klees: But we don't go about filing grievances. However, when you wrote your letter, were you advised by Mr. Gravelle's office that the Minister of Health would be appearing at the committee the same time that Mr. Wade was going to be here?

Mr. Poul-Erik Binderup: No.

Mr. Frank Klees: Were you advised that the letter would be read at the committee?

Mr. Poul-Erik Binderup: I honestly had no idea where it would go. I just sent it.

Mr. Frank Klees: Did anyone at any time ever tell you that the intimidation of a witness is an offence under the Criminal Code of Canada?

Mr. Poul-Erik Binderup: I wasn't, in my mind, intimidating anybody.

Mr. Frank Klees: You were never told that—

Mr. David Zimmer: Chair, that's entirely inappropriate. The information is that this person is trying to—

The Chair (Mr. Norm Miller): Mr. Zimmer—

Mr. David Zimmer:—and you should rein Mr. Klees in. That's entirely inappropriate. That's scandalous.

Mr. Frank Klees: Thank you, Mr. Zimmer. I think it takes—

The Chair (Mr. Norm Miller): Mr. Klees, if you can not lead the witness, that would be appreciated.

Mr. Frank Klees: I'll try not to lead the witness. I'm just simply trying to tell you what seems to be apparent to a lot of people who were observing what took place.

As you say, it may be an unfortunate timing, but the reality is, we have a circumstance where Mr. Wade was complaining about what was happening at Ornge. He was concerned about understaffing. He was making recommendations. He was coming here. Two days before he was scheduled to be here, you send out your email to 40 of your colleagues saying that you're going to separate yourself from Wade. You've had enough with him. Now we get the letter read at the committee hours before Mr. Wade is here; in fact, he's sitting in the audience listening to it being read. Would that be intimidating? It would be intimidating to me, and I'm just simply saying—and Mr. Zimmer knows well—that intimidation of a witness is—

Mr. David Zimmer: Chair, that's inappropriate.

Mr. Frank Klees:—is inappropriate and it is illegal.

The Chair (Mr. Norm Miller): Mr. Zimmer—

Interjection.

The Chair (Mr. Norm Miller): Mr. Zimmer, if you can be quiet for a moment, please. I would just clarify that the committee has asked for information to determine if intimidation has occurred, but there's been no conclusion by the committee that intimidation has occurred—

Mr. Frank Klees: Well, that's right, and I think I'm entitled to my opinion about that, and we'll have to see what happens. My point simply is that that is how this is

being perceived. Mr. Binderup, I'm just saying to you that we appreciate you coming forward—

Mr. David Zimmer: Perceptions aren't facts. Fairy tales aren't facts. Your daydreams aren't facts.
1450

Mr. Frank Klees: You see Mr. Zimmer, who is trying to drown out the facts of what has happened, and there's a reason for that. They were very quick to read your letter that praises the minister. When we challenged the circumstance under which that letter was presented to this committee—

Interjection.

Mr. Frank Klees: He can't keep quiet. I understand that, because I'm used to heckling in this place, but unfortunately, you're not.

So, Mr. Binderup, here's how I'd like to leave this with you. There's a man who today is suspended. From what I can conclude, the reason that he is suspended, is not working today and is under investigation, is because you took issue with the fact that he was expressing his concerns—and, yes, obviously in a passionate way. My question to you is: Is that what your intention was?

Mr. Poul-Erik Binderup: Let me answer your question with a question. Had this gone just a little bit differently and had the union been able to do what I was hoping they would be able to do with the grievance, if that's what it was, we wouldn't be having this conversation. I would have sent the letter anyway, but the issue between Mr. Wade and myself would have been resolved either through union channels or through the company itself. The fact that it has gone to an investigation and they've gone so far as to suspend Mr. Wade with pay—I have no control over that. So it could have gone very differently.

Mr. Frank Klees: So you don't blame us for drawing the conclusion that the reason for the suspension was more because of Mr. Wade's testimony—

The Chair (Mr. Norm Miller): Mr. Klees, remember, that's your—Mr. Klees, it's your opinion. Please don't say "us," being the committee.

Continue.

Mr. Frank Klees: Well, I think some of us on the committee probably agree.

Can I just ask this, Mr. Binderup? Would you agree that this wouldn't be an issue, Mr. Wade would not be suspended today, you would not have filed a grievance, had the issue been different? If those bases, and specifically the Thunder Bay base, were properly staffed, if Mr. Wade did not have to agonize over the fact that calls come in and there are no paramedics to respond to the call—that that is really the issue; that the issue is the underfunding or the understaffing at that Thunder Bay base? That's really the problem, and who we should be focusing on is in fact the Minister of Health, whom you praised, to say, "Minister, we've got a problem. Staff us up. Get us up to the point where not only can the fixed-wing division of Ornge do their job, but let's ensure that the rotary-wing side of our operation is also able to do their job."

That's the problem. The problem is not Mr. Wade; the problem is the Ministry of Health, which after all this length of time still has bases that are understaffed. Would you agree with that?

Mr. Poul-Erik Binderup: No.

Mr. Frank Klees: You don't agree that there are bases that are understaffed?

Mr. Poul-Erik Binderup: I agree with that 100%, but I don't think that's the point you're trying to make.

My problem with Mr. Wade was his behaviour. Maybe that behaviour was brought on by the issues; I can't speak to that. I don't know Bruce that well. I will grant you that he is a very passionate individual. But my issue with Mr. Wade was brought on, and this whole situation was brought on, by his actions, not the issues directly at Ornge.

Mr. Frank Klees: So you yourself agree that it didn't merit a suspension; that's what you said earlier.

Mr. Poul-Erik Binderup: That was not my goal, certainly.

Mr. Frank Klees: That wasn't your goal—

Mr. Poul-Erik Binderup: That wasn't something I wanted.

Mr. Frank Klees: Do you think a suspension was deserved?

Mr. Poul-Erik Binderup: I can't speak to that. I wouldn't have wanted that. If somebody had asked me in the beginning, that wouldn't have been one of my choices.

Mr. Frank Klees: Mr. Binderup, thank you.

The Chair (Mr. Norm Miller): Very well. Unless the government wants to use their 30 seconds—

M^{me} France G  linas: I have my two minutes that I saved—

Mr. David Zimmer: I've got 30 seconds, Chair.

The Chair (Mr. Norm Miller): Okay. We have five minutes left, so you will split that evenly, because you've already used about 22 minutes. Go ahead.

Mr. David Zimmer: And I have 30 seconds.

M^{me} France G  linas: The first question I want to ask you is, before coming to testify today, did you talk to anybody in Ornge management?

Mr. Poul-Erik Binderup: I did speak with a couple of folks in our communications department.

Mr. Jagmeet Singh: Who were they?

Mr. Poul-Erik Binderup: James MacDonald—mostly to James—and I did speak very briefly with Jennifer Tracey as well.

Mr. Jagmeet Singh: Jennifer Tracey?

Mr. Poul-Erik Binderup: Yes. Really, it was more just to let her know that I had been invited. James and I talked briefly. I wanted to try to get an idea of the flavour of how the committee hearings were going, just to try to get the lay of the land, if you will.

M^{me} France G  linas: You made reference to having a contact with Minister Gravelle or Minister Gravelle's office staff. Who is this contact, and how did you come to have contact with Minister Gravelle's office?

Mr. Poul-Erik Binderup: The gentleman I talked to was Mr. Larry Joy. That was the only contact I had.

M^{me} France G  linas: How do you know Larry?

Mr. Poul-Erik Binderup: I don't know him, actually, but I know somebody who worked for him. It was a friend of mine from Nova Scotia who gave me his name.

M^{me} France G  linas: Do you know Mr. McKerlie?

Mr. Poul-Erik Binderup: I've met him a couple of times. I wouldn't say that I know him, but I have met him a couple of times, yes.

M^{me} France G  linas: Do you know anybody within the Liberal Party that you are friends with?

Mr. Poul-Erik Binderup: No.

Mr. Jagmeet Singh: What about Minister Matthews, Deb Matthews? Do you have any contact with her, or do you know anyone in her office?

Mr. Poul-Erik Binderup: No, none whatsoever. I've never spoken with her.

Mr. Jagmeet Singh: And how many times have you met Mr. McKerlie?

Mr. Poul-Erik Binderup: Including today, twice.

Mr. Jagmeet Singh: When did you meet him today?

Mr. Poul-Erik Binderup: This morning.

The Chair (Mr. Norm Miller): We'll move to the government for a minute of questioning. Mr. Zimmer.

Mr. David Zimmer: I just want to confirm again from your letter that the following phrase that you used in your letter is a direct quote from Mr. Wade. I'll read the sentence to you again: "He," referring to Wade, "has also made it very clear through many verbal altercations with flight crew that he wishes to aid Mr. Klees in 'bringing Ornge down'...." That's a quote you heard Mr. Wade say?

Mr. Poul-Erik Binderup: Yes, sir.

Mr. David Zimmer: Thank you.

The Chair (Mr. Norm Miller): And the last 30 seconds of your question before we go?

Mrs. Liz Sandals: The other thing I just want to double-check with you: When I look at your email to your colleagues, dated July 27, and look at the language, you say, "I filed an FOOR"—past tense—"with respect to Mr. Wade ... and indicated that he is creating a hostile work environment...."

Mr. Poul-Erik Binderup: Yes.

Mrs. Liz Sandals: I understand from that that your complaint, your grievance, was with respect to the workplace atmosphere.

Mr. Poul-Erik Binderup: Yes.

Mrs. Liz Sandals: It was not with respect to his testimony, because he didn't give his testimony until later that week.

Mr. Poul-Erik Binderup: That's true. The FOOR came out certainly before the letter and before the testimony.

Mrs. Liz Sandals: So it was relevant to what was already happening in the workplace, not about the testimony.

Mr. Poul-Erik Binderup: Yes, ma'am.

The Chair (Mr. Norm Miller): Okay. We shall move to Mr. Klees for the last two minutes. Go ahead.

Mr. Frank Klees: Mr. Binderup, you mentioned that you met with Mr. McKerlie this morning.

Mr. Poul-Erik Binderup: Yes.

Mr. Frank Klees: Was that at his request?

Mr. Poul-Erik Binderup: No, sir. I went to the head office. I had some time to kill before coming here.

Mr. Frank Klees: What did you discuss with Mr. McKerlie?

Mr. Poul-Erik Binderup: I didn't discuss anything. I shook his hand and—

Mr. Frank Klees: Pardon?

Mr. Poul-Erik Binderup: I shook his hand and he said, "Good luck."

Mr. Frank Klees: Good luck?

Mr. Poul-Erik Binderup: Yes.

Mr. Frank Klees: What did he mean by that?

Mr. Poul-Erik Binderup: I'm not sure.

Mr. Frank Klees: And that was it?

Mr. Poul-Erik Binderup: That was it.

Mr. Frank Klees: Did you meet with anyone else there?

Mr. Poul-Erik Binderup: At Ornge head office?

Mr. Frank Klees: Yes.

Mr. Poul-Erik Binderup: Yes. Mr. MacDonald.

Mr. Frank Klees: Okay.

Mr. Poul-Erik Binderup: I'd never been in the facility yet, so I got a little bit of a grand tour.

Mr. Frank Klees: Did you show anyone there your script that you used here, in terms of your preparation?

Mr. Poul-Erik Binderup: No, not at all.

Mr. Frank Klees: No?

Mr. Poul-Erik Binderup: No.

Mr. Frank Klees: Okay. Thank you.

The Chair (Mr. Norm Miller): Thank you very much for coming before the committee today. It's appreciated.

We are adjourned.

The committee adjourned at 1500.

CONTENTS

Wednesday 29 August 2012

Subcommittee report	P-699
Special report, Auditor General: Ornge Air Ambulance and Related Services.....	P-699
Mr. Jay Lebo	P-700
Ornge.....	P-711
Mr. Poul-Erik Binderup	

STANDING COMMITTEE ON PUBLIC ACCOUNTS

Chair / Président

Mr. Norm Miller (Parry Sound–Muskoka PC)

Vice-Chair / Vice-Président

Mr. Toby Barrett (Haldimand–Norfolk PC)

Mr. Toby Barrett (Haldimand–Norfolk PC)

M^{me} France Gélinas (Nickel Belt ND)

Mr. Phil McNeely (Ottawa–Orléans L)

Mr. Norm Miller (Parry Sound–Muskoka PC)

Mr. Reza Moridi (Richmond Hill L)

Mr. Jerry J. Ouellette (Oshawa PC)

Mrs. Liz Sandals (Guelph L)

Mr. Jagmeet Singh (Bramalea–Gore–Malton ND)

Mr. David Zimmer (Willowdale L)

Substitutions / Membres remplaçants

Mr. Frank Klees (Newmarket–Aurora PC)

Also taking part / Autres participants et participantes

Mr. Jim McCarter, Auditor General

Clerk / Greffier

Mr. William Short

Staff / Personnel

Mr. Ray McLellan, research officer,
Legislative Research Service

20N
21
P72

P-20



P-20

ISSN 1180-4327

Legislative Assembly of Ontario

First Session, 40th Parliament

Assemblée législative de l'Ontario

Première session, 40^e législature



Official Report of Debates (Hansard)

Wednesday 5 September 2012

Journal des débats (Hansard)

Mercredi 5 septembre 2012

Standing Committee on Public Accounts

Committee business

Special report, Auditor General:
Ornge Air Ambulance and
Related Services

Comité permanent des comptes publics

Travaux du comité

Rapport spécial, vérificateur
général : Services d'ambulance
aérienne et services connexes
d'Ornge

Hansard on the Internet

Hansard and other documents of the Legislative Assembly can be on your personal computer within hours after each sitting. The address is:

<http://www.ontla.on.ca/>

Index inquiries

Reference to a cumulative index of previous issues may be obtained by calling the Hansard Reporting Service indexing staff at 416-325-7410 or 325-3708.

Le Journal des débats sur Internet

L'adresse pour faire paraître sur votre ordinateur personnel le Journal et d'autres documents de l'Assemblée législative en quelques heures seulement après la séance est :

Renseignements sur l'index

Adressez vos questions portant sur des numéros précédents du Journal des débats au personnel de l'index, qui vous fourniront des références aux pages dans l'index cumulatif, en composant le 416-325-7410 ou le 325-3708.

Hansard Reporting and Interpretation Services
Room 500, West Wing, Legislative Building
111 Wellesley Street West, Queen's Park
Toronto ON M7A 1A2
Telephone 416-325-7400; fax 416-325-7430
Published by the Legislative Assembly of Ontario



Service du Journal des débats et d'interprétation
Salle 500, aile ouest, Édifice du Parlement
111, rue Wellesley ouest, Queen's Park
Toronto ON M7A 1A2
Téléphone, 416-325-7400; télécopieur, 416-325-7430
Publié par l'Assemblée législative de l'Ontario

LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
PUBLIC ACCOUNTSCOMITÉ PERMANENT DES
COMPTES PUBLICS

Wednesday 5 September 2012

Mercredi 5 septembre 2012

The committee met at 0906 in room 151.

COMMITTEE BUSINESS

The Chair (Mr. Norm Miller): I'll call this committee to order, then. The first thing we're going to do is talk about a motion that was passed a while ago—it was moved on March 7 by Ms. Gélinas, and I'll just read it again for everyone's benefit because it was a while ago that it was moved, and that is:

"I move that the Standing Committee on Public Accounts immediately request that the Auditor General examine the contracts between the Ontario Power Authority and gas-fired plant proponents TransCanada Corp. (Oakville) and Greenfield South Power Corp./Eastern Power (Mississauga), focusing specifically on the potential cost to ratepayers of the government's 2010 and 2011 decisions to cancel the projects, and report back in a special report."

I will open the floor up for debate. Ms. Gélinas.

M^{me} France Gélinas: Thank you. This is a motion I had put forward way back at the beginning of March. At the time, after I had heard what everybody had to say, including some of the comments that the Auditor General had made regarding the timing of his work and what he had to do, I felt quite comfortable with a deferral of the motion.

This being said, I brought it back last week and listened to some of the comments that were made. Then again, one of the most telling comments that was shared last week had to do with the auditor feeling that—at the time, he used a two-to-three-week time frame—he would have time in his schedule to do some of that work.

I fully understand that the state of negotiations between the government and TransCanada Corp. is not the same as the one with Greenfield South Power Corp./Eastern Power; that is, the state of negotiations between the cancellation in Oakville and the cancellation in Mississauga is not the same.

The direction from the committee is clear: We want the auditor to go in to really look at what the potential costs to ratepayers are. This being said, I trust his judgment. If sharing information was to have a negative impact, as in increasing the costs that the ratepayers would end up paying, then I will trust his judgment that he would let us know that and not share any information.

What I would like him to do is really go in, look at the state of the transactions, the way they are, and report back to us information that is as precise as he can, always with the caveat that if sharing some of that information puts the ratepayers at risk, then be very, very conservative in your reporting back. Only share with us information in a way that will never result in the taxpayers having to pay more.

I trust the Auditor General. He has a good relationship with the people he works with to ask those questions, and if the answer to those questions is that the auditor believes that there's a risk in sharing that information, then use your judgment as to how you share that information or when you share it. I would like the auditor to go in, investigate those two transactions and report back to us. You would certainly be free to report back on one of those contracts before the other, if that makes sense, report in great detail about one and in great generality about the other. At the end of the day, I will, and I think we all will, trust your judgment that you will not make public any information that puts the ratepayers at risk.

The Chair (Mr. Norm Miller): Are you finished? Okay. And the auditor did have a comment about the specific language of this particular motion.

M^{me} France Gélinas: Sure.

Mr. Jim McCarter: The only comment was that when it says "examine the contracts," I'm always wary of when we go in, someone might say, "Well, Auditor"—

Mr. David Zimmer: Sorry, Auditor, I can't hear you. There's a fan in the back.

Mr. Jim McCarter: Just in reference to the second line, where it says, "examine the contracts," I'm always a bit wary when it's very specific about just the contracts. I might get the people who we're talking to saying, "Well, the motion just allowed you to look at the contracts, Auditor. We're not going to provide you with other information." I suspect there will be a lot of other information besides the contracts, such as correspondence, letters, emails, so maybe "contracts and related information" or "related documentation" would give me a bit of a wider purview to access what I feel would be needed to do a complete job in looking at this.

M^{me} France Gélinas: So examine the documentation between?

Mr. Jim McCarter: The documentation or anything like that which doesn't—

Mrs. Liz Sandals: So this would be an amendment, then?

M^{me} France G  linas: Yes.

Mr. Jim McCarter: I would say “contracts and related documentation” or the documentation between—anything like that would be fine, just as long as it doesn’t limit it to a specific document such as a contract.

M^{me} France G  linas: Okay, so, “examine the contracts and related documents.”

Mrs. Liz Sandals: Chair, point of order: This would need to be placed as an amendment, I think.

The Chair (Mr. Norm Miller): I think she’s just working on that right now.

M^{me} France G  linas: If everybody is okay with a friendly amendment, I could change the word “contracts” to “documents.”

Mrs. Liz Sandals: No.

M^{me} France G  linas: No friendly amendment?

Mrs. Liz Sandals: We told you what we would agree to.

M^{me} France G  linas: Okay, so then I would—I don’t know if I’d move to amend, but I would take the recommendations of the Auditor General to say, “examine the contracts and related documentation.”

The Chair (Mr. Norm Miller): Any comments?

Mrs. Liz Sandals: Could we have that in writing, please?

The Chair (Mr. Norm Miller): Certainly. We’ll have to recess for five minutes to get that in writing.

M^{me} France G  linas: No problem.

The committee recessed from 0915 to 0919.

The Chair (Mr. Norm Miller): Okay, we’re back in session. Everyone has a copy of the amendment to the original motion. Discussion? Mr. Zimmer.

Mr. David Zimmer: My concern with the amendment, “and related documentation,” is that the auditor shows up at the office at these power places and wants to examine the contracts. I can see that’s a clearly defined—it’s the contract between the entities involved in this thing.

But then, speaking as the lawyer—and I’ve been through this in complex commercial litigation where parties, either on examination for discovery or in the proceedings, want to examine related or—another expression that is sometimes used—relevant documentation.

Then there’s a great row that gets started about what’s relevant, because the parties are sitting around the table with a pile of documents and one party says, “I don’t think these documents are related,” and the other party says, “Well, I think they are,” and the other party says, “But you haven’t seen them. I’ve got them in my possession and I say that these documents are not related. Not only that, but the other party to the contract agrees with me and says they’re not related.”

So the only person who thinks they may be related—and I say this with the greatest respect to the auditor—is, in this case, the auditor or the person who wants to examine the document. But that person is caught in a Catch-22, because they haven’t seen the documents so

they can’t make an informed decision on whether it’s related. And the other party’s in a Catch-22 and saying, “Well, we’re not going to show you the documents because we say they’re not related.” We get into this bizarre situation, then, of trying to sort out that issue.

So my point is that the expression “and related documents”—what does that include? What does that exclude? How does one define “related documents”? Related documents in person A’s view may be such-and-such, and person B may have another view, and person C has another view. Then we get into a great toing and froing, and the thing doesn’t get resolved.

Then, I suppose, the question becomes who sorts out what’s related, what form is used, or who’s got the hammer on that decision. I suppose what happens then is that perhaps it comes back to the public accounts committee, and we have a discussion. But how do the members of this committee sort out what’s related?

It’s such a loose definition of “related documents,” or “relevant documents,” as it’s sometimes used in other contexts, but the essence is the same. It seems to me that the amendment “and related documents” is going to cause, and has the potential—in fact, I would argue that it’s a potential that will actually be realized, because we all know the sensitivity of the documentation involved.

We’ve heard from both parties to the contract, the government side and the private sector side, and their positions are, or have been publicly—and at other times, messages they’ve sent to this committee. Indeed, the Minister of Energy, speaking before the estimates committee, spoke at length on this issue and in fact tendered a four-page, single-spaced, detailed letter outlining the reason why he was claiming privilege on, really, what is the related documentation, because the related documentation necessarily has to deal with the negotiations and all the documentations that have arisen post-contract, as the parties are trying to wind down the contract.

This issue was debated for hours and hours and hours at the estimates committee, and I was subbed onto the estimates committee to speak to these issues. The final result of that is, as I understand it, the question about whether that documentation has to be produced at estimates committee is working its way up to the Speaker’s office now for a ruling. But the same issue that the Speaker has been asked to deal with on this question of what documents are properly before the estimates committee, on this very same issue, is still awaiting a decision from the Speaker. So we may well find ourselves in the situation where the Speaker has issued a ruling which may be in conflict with this amendment—if it were to pass—that the Auditor General should go out and look at other documentation.

I have no difficulty with the auditor looking at the contracts if the main motion passes because the contract is a clearly defined document that both parties have access to. It’s there in its entirety, there’s a start and a finish to it. But it’s the related documentation, it’s such a loosey-goosey—and I say that with the greatest of respect. I think it presents problems for the auditor

because where does one draw the line? Do you look at 10 cubic feet of documentation or do you look at a pile of six inches of documentation?

It puts the Auditor General in a difficult position because he shows up at one of the private sector companies and says, "I want the related documentation," and they respond through their lawyers or through their contract people who are managing the contracts, "No, that's not related."

What does the Auditor General do then? He can take the company at its word that it's not related. He can accept the company's lawyers' arguments that it's not related. Or the Auditor General may quite properly say to himself, "I'm the Auditor General, I have to do my job and I've been asked to look at the related documents. I want to see all the documents and I'll decide if they're related." Then we get into this whole issue of why the Auditor General should decide what's related rather than the private sector entity or the government.

Do you know what's going to happen with all of this? It's going to end up in front of a judge who's going to hear respectfully from the Auditor General and hear respectfully from the private sector entities and from the government. And the judge, as he does—as Ms. Elliott will tell you, this is an issue that crops up in litigation all the time. Parties A, B and C, however many parties, are arguing over whether document X should be produced or not produced and that sort of stuff. They generate hours and hours of billings and hours and hours of time—and Ms. Elliott's smiling knowingly at that, as I expect we've both been through that.

Ultimately, it ends up in front of a judge who says it is or it isn't. And that's not the end of the matter and it won't be the end of the matter at that level because there's the potential for significant amounts of money involved on these penalties that may or may not be out there. We don't know and we won't know until the negotiations to wind down the contracts are over. So whoever loses at that first-level judge is going to end up in the Divisional Court and it's going to go on from there. It'll be months and months, it'll be the better part of a year, before somebody says, "This is the relevant documentation that should be turned over to the auditor."

Now, what happens in the meantime? In the meantime, while everybody's arguing over the related documentation, the main issue about having the Auditor General examine the contracts in the narrower sense is parked and it's waiting, because the Auditor General—and the committee properly says, "We want the related documentation to go along with the examination of the contracts and we're not going to examine the contracts until we sort out the related documentation issue," and this thing's going to go on and on for the better part of a year.

It seems to me that the amendment to the motion ought to fail. I'm going to vote against it. Let's stick to the definition of "contract," because all of the parties to this issue, the private sector and the government parties, know what the contract is. They have it in their hand.

I appreciate where Ms. Gélinas is coming from on this, to get more and more, but there may be a principle here, the old philosophical concept of Occam's razor—he's heard of it—where less is actually more. And more, in this case, asking to look at a ton of documentation, is going to create a whole host of problems, which is just going to, like dumping a whole lot of stuff down the drain, choke the drainage system.

0930

That's why I'm going to vote against this, because I see big, big problems down the road because of the looseness of the definition "other documentation."

I know my colleague Ms. Sandals wants to speak to the matter, so I'll stop there. Thank you.

The Chair (Mr. Norm Miller): And I would just ask the auditor to make a comment, if I may, on the definition that you were discussing.

Mr. Jim McCarter: Sure. My sense is, the reason for the suggestion was to make the motion consistent with the Audit Act. Under the Auditor General Act, when I go in to do an audit, I'm entitled to have access, basically, to anything that I feel is necessary to do the audit. I think in this case, even if the amendment wasn't made, and even if it just said "contract," I think my position would be, when I go in to do the audit, I would still say that under the Auditor General Act I'm entitled to all information that I think I need in order to assess what the intent of the motion is. So my sense was just to make the motion consistent with the Audit Act.

Just as far as going before a judge, I think my position would be that if at any time—and I face this in other audits, too, from time to time—a ministry or an agency might say, "Auditor, we're not going to give you access to that," basically all I do is I just report that, and that's the end of it.

The Chair (Mr. Norm Miller): Ms. Sandals?

Mr. David Zimmer: Can I ask the auditor a question?

The Chair (Mr. Norm Miller): Go ahead and ask the question.

Mr. David Zimmer: If one of the parties says on an audit, "I don't want to give you that documentation," and you say, "That's the end of it. I just report to the Legislature then that I was denied or I couldn't get access to this," then the matter is still out there hanging, isn't it?

Mr. Jim McCarter: Usually what we find is that when somebody says to us, "Auditor, we're not going to give you this piece of information," typically that would be at a lower level. Usually it goes to the deputy minister. At that point, usually we tend to get the information fairly quickly. There have been one or two instances where we still had some resistance. In that case, I would typically pick up the phone and even phone the minister and say, "I just want to make you aware that I'm going to be reporting this in my report." And again, usually we get the information. The odd time we haven't gotten the information, it would be because of kind of a legal matter and we would basically point that out in our report.

On this one, it could happen, but with respect to the amendment, whether the amendment is passed or not, I

was just trying to make the wording suggest that the motion be consistent with the intent of the Audit Act, and the intent of the Audit Act is that the Auditor General will be provided with the information that he feels is necessary to basically do the audit work necessary. But I think even if the amendment was not passed, that's how I would approach the audit when I went in, to basically say, if I think there's a piece of correspondence or something that I need in order to address the motion in a fulsome way, I would request it. And if, at the end of the day, the OPA said, "We're still not going to give it to you," I think I would just include that as part of my report to the Legislature and indicate the underlying reasons, and that would be the end of it. But I certainly wouldn't be going to court or going before a judge.

Mr. David Zimmer: Just a question for clarification from the auditor. So the situation is a little different here in that, for instance, at the estimates committee, a request for the same documentation has been made and the minister responded in a fulsome letter, which I'll get into later, in which the minister formally claimed privilege on essentially all of these documents until the negotiations have been concluded and the matter has been settled. And as I understand the minister's position, he obviously has no difficulty with the hindsight view after the negotiation, but the privilege has been claimed, that if the documents are produced, it could jeopardize the negotiations. That matter is working itself through to the Speaker's office now, because it was unresolved after hours and hours and hours of debate.

So what is the auditor's position if, on the same issue that's working its way to the Speaker's office, the Speaker—I'm not prejudging. Just hypothetically, if the Speaker says the minister's claim for privilege stands and the documents don't have to be released, yet at the same time the auditor is going in with a direction to examine the contracts and related documents, which is the negotiation stuff on the settlement, and the Speaker and the Auditor General then find themselves in what amounts to conflicting positions, what would the auditor's view of that difficulty be?

Mr. Jim McCarter: On the Mississauga one, where there has been a settlement, my sense is that we would get access to the documentation that we need in order to be able to fulfill the intent of the committee's motion.

My sense on the Oakville one, where it's currently in arbitration—and taking into consideration Ms. Gélinas's comments about not disclosing any information—is that it could very well be that some of this information could be subject to client-solicitor privilege, or even if we were to get it, in my opinion, it could be damaging to the province's negotiating position.

In either one of those situations, I think that I would basically—it might be a much shorter report relating to the Oakville one, basically saying that here's sort of the state of the nation on this, but at the end of the day, all I can do is come up with a fairly broad range. Because of these other factors, in my opinion, it's not appropriate either to divulge the information, or it's protected by

client-solicitor privilege. That could very well be the end result.

Mr. David Zimmer: But, Auditor General, under our parliamentary system and the ministerial system of government, it's the minister's decision to make the call on whether documents are privileged. If this motion went through with the amendment, "examine the contracts and related documents"—and I say this with respect—and the Auditor General gets in and gets the related documents, and this Auditor General decides, "No, these documents aren't going to affect the province's negotiating position, so I'm going to comment on them and they'll in effect be out in the public forum," isn't that a call, as a matter of parliamentary law, that the minister makes, the claim to privilege, subject to the ruling of a judge on the judicial branch of the government? We've got the legislative branch, the public service, the executive branch and the legal branch. It puts the Auditor General, whether it's you or any other Auditor General, in a difficult position, because you are making a call on whether documents are going to affect the province's negotiating position or not. Surely that's a decision that, in our system of government, the minister makes.

Mr. Jim McCarter: I think there's probably some truth to that. I think there could be some of the documents or some of the information for which the Auditor General would have to use his or her professional judgment to make the call: "No, I think they're just saying this because they don't want the information disclosed," or "I think what they're saying is reasonable. It could affect the province's negotiating position, and therefore, in my opinion, notwithstanding that I have right of access, I'm not prepared to disclose it." I don't disagree that the Auditor General would have to exercise his or her professional—

Mr. David Zimmer: But my question is, isn't that something that properly rests with the minister and—I say this with the greatest respect—not the Auditor General, subject, of course, to a judge's view of the matter?

Mr. Jim McCarter: But I—

The Chair (Mr. Norm Miller): We'll go on. Ms. Elliott had a comment she wanted to make.

Mrs. Christine Elliott: Sure. I would just suggest, from a strictly legal perspective, that the suggestions for the amendment that have been made are consistent with the provisions of the Audit Act in that the Auditor General already has the ability to take a look at this. He has never been constrained by looking strictly at contracts before. It has always been understood that he has the ability to look at all relevant documentation.

I think the rest of it is purely speculation about what might or might not happen. The auditor routinely looks at all documentation, not just contracts. We trust his judgment and that if there are conflicts that arise in the course of examining the documents, whether they're privileged or not, the Auditor General will make his professional determination in that case, and we certainly are satisfied that he would exercise that judgment accordingly.

I would respectfully ask that we move on. I think we're arguing about something that we don't really need to be arguing about at this point.

The Chair (Mr. Norm Miller): Other comments?

M^{me} France Gélinas: Ready for the vote.

Mrs. Liz Sandals: Point of order.

The Chair (Mr. Norm Miller): Ms. Sandals.

Mrs. Liz Sandals: Could we have a 20-minute recess before the vote?

The Chair (Mr. Norm Miller): Before that can happen, I will call the vote, then.

Mrs. Liz Sandals: And now point of order. I thought you had called the vote.

The Chair (Mr. Norm Miller): No, I hadn't. Okay, so we'll have a 20-minute recess before the vote.

The committee recessed from 0940 to 1000.

The Chair (Mr. Norm Miller): We're back in session, then, and we have a vote on the amendment from Ms. Gélinas.

All in favour? A show of hands. All opposed? We have a tie vote, and I will vote in favour of the motion. My logic is that I trust the auditor's discretion and judgment, and this was an amendment specifically suggested by the auditor to make the amendment consistent with the Auditor General Act.

We now move to the motion, as amended. Any debate?

Mr. Victor Fedeli: Chair?

The Chair (Mr. Norm Miller): Yes, Mr. Fedeli.

Mr. Victor Fedeli: Thank you very much, Chair. I will be—

Mrs. Liz Sandals: Excuse me. If you're on the main motion, we never got to speak to the main motion.

The Chair (Mr. Norm Miller): I believe that's what we're doing.

Mr. Victor Fedeli: I haven't either.

The Chair (Mr. Norm Miller): You'll get a chance to speak.

Mrs. Liz Sandals: Okay.

Mr. Victor Fedeli: Thank you again, Chair. I will be supporting this motion. I did sit through this committee when it was discussed the first time and agreed with the AG's point that it should be taken up later. I congratulate you for moving it to this particular point.

I do recall that one of the comments made at that time was, "Well, we shouldn't be discussing it," because it was in litigation. The Mississauga one was in litigation at the time. As we all know, that's over. That has been settled, and we've moved on. There is no litigation for the Oakville plant. Therefore, there's nothing interfering with the Auditor General to proceed with this report.

We're most eager—I think the public is most eager to understand this as well. I agree with Ms. Gélinas's point about discretion, that if and when something is determined, its release would end up costing the taxpayers more money. I agree with it being kept in the purview of the AG until such time as it would not affect the taxpayer.

For instance, we've seen the math from Mississauga, the \$190-million cancellation of Mississauga. We've seen that almost \$90 million of it was purely a cancellation fee, and when extrapolated over the cost and size of the Oakville plant, we know the bare minimum of this cancellation will be \$300 million. Many industry insiders expect that number to be \$1 billion. Certainly, if there are documents within the government that say, "We're concerned about paying a billion dollars, but maybe we should be doing this at this point rather than fighting for the \$300 million"—these are the kinds of areas where I would expect the auditor not to release those facts. Those facts would of course lead the other side to know what's in the deck of cards of the government. If it would cost \$300 million instead of \$1 billion, the taxpayer of course will be much happier, but I would not want the corporations to know that the government is ready to pay out a billion dollars.

So, while I support this motion, I agree with your philosophy of not disclosing numbers at the purview of the Auditor General if it would be deemed or viewed to increase any cost to the taxpayer. The \$300 million will be bad enough; any further is unnecessary. So I will be supporting this, Chair. Thank you.

The Chair (Mr. Norm Miller): Ms. Sandals.

Mrs. Liz Sandals: Yes, thank you very much.

We've made it clear all along that obviously the Auditor General can go in at any point without a special request from the committee. So if the auditor chooses to do a value-for-money on either Mississauga or Oakville or both, that's certainly within his authority to do so with respect to looking at the Ministry of Energy and the Ontario Power Authority. There's no question that the auditor has the authority to do this within the legislation that controls the auditor's activities anyway.

But we've been very clear that if we're going to have the auditor spending time on this—because there is an issue of having his staff gearing up to do an investigation—if we were going to have the auditor use his time to do this, it would be most productive to do it at the point where the negotiations, arbitrations, whatever, happen to be complete.

We've had extensive conversation with the auditor already this morning about whether or not the auditor would have access to the documents with respect to Oakville, given that Oakville is still under negotiation, and that it would be the auditor's view—I think I'm paraphrasing you accurately, Jim, if I say that it would not be your intent to interfere with negotiations over Oakville if that would interfere with the public interest. Is that fair?

Mr. Jim McCarter: Yes, that would be fair to say.

Mrs. Liz Sandals: We see the Mississauga issue, where the negotiations are complete, it's a matter of public record what the settlement is—that's settled; it's been resolved. It isn't that the audit will in and of itself interfere with the process of trying to resolve the issue, and it would be appropriate for the auditor to have a look at the Mississauga situation and look at value for money.

That is not the case with the Oakville plant. The Oakville plant, the cancellation of that plant, is still the subject of negotiation. Although not the subject of litigation before the court, I believe that there is an arbitrator involved, so there are proceedings which are legal, though not necessarily litigation, ongoing. This is a very active issue.

To our mind, if we're going to send the auditor in, it should be when the process on Oakville is complete, because if we're asking the auditor to comment on value for money, he's in no position to comment on value for money if the discussion is still ongoing; we don't know what the outcome is. How can he possibly tell us what the value-for-money implications are if in fact there has actually not been a resolution?

It seems to us that the motion as it is before us requesting that the auditor—and I quote the motion: "...immediately request that the Auditor General examine the contracts and related documentation between the Ontario Power Authority and gas-fired plant proponents TransCanada Corp. (Oakville)"—we have a problem with that—"and Greenfield South Power Corp./Eastern Power (Mississauga)"—we're okay with that—"focusing specifically on the potential cost to ratepayers of the government's 2010 and 2011 decisions to cancel the projects, and report back in a special report."

1010

We see this as two distinct issues. We're in agreement with one of the issues; we're in disagreement with the other issues. As my colleague Mr. Zimmer has reflected, not only has there been extensive conversation at the estimates committee about what documents can and cannot be produced with respect to Oakville, but the issue of the production of documents with respect to Oakville is currently before the Speaker, and we really don't see that we should be sending the auditor off to look at Oakville when the Speaker hasn't even ruled on the issue yet.

As I say, we agree: Mississauga's done. It's appropriate for the auditor to look at Mississauga, either as directed by this committee or of his own volition. Either way, we agree that that's an appropriate activity. We do not agree that Oakville is an appropriate audit to be pursuing at this point because of the practical reason: What on earth is the auditor going to audit with respect to value for money?

Furthermore, what is the Speaker going to say about the availability of the documents? Because we now get into this issue that my colleague raised, which is that the auditor is an officer of the Legislature. We know that the Speaker is about to make a ruling—well, we don't know when he is. I know no more than you do about when he might choose to make that ruling, but we know that it has been presented as an issue to the Speaker, which has been extensively argued and which the Speaker will need to rule on. So we believe that it is quite premature to pursue the Oakville part of this motion at this time.

We think that we also need to have a bit of a discussion around what are the expectations of the committee with respect to timing. There was some suggestion that

the auditor would be able to move in very quickly right now and have a look at Mississauga. I think the auditor had indicated to us one day when we were having a discussion—I don't know if it was captured by Hansard, but the auditor talked about the fact that he could go in now because he's got a little bit of a lull and look at Mississauga. You also mentioned I think that from the other part of your role, from the public accounts point of view, you had actually already been doing some work on Mississauga. So that's a file which is sort of half open, if I can put it that way—your office is familiar with the documentation—so that's something you might be able to do reasonably quickly. I think Ms. Gélinas suggested that February would be an appropriate date.

But if we are going to add on this whole issue of Oakville, that's not a quick in-and-out for all the reasons we've just mentioned, which is that the information isn't really available yet. When I look at the conversation that we had back on March 21, which I think would have been captured in the Hansard of this committee, Mr. McCarter raised some quite important concerns about his ability to conduct a high-quality audit. Those were the circumstances he was reflecting on at the time, but I think with respect to Oakville, his comments then are still quite relevant. I would like to, if I may, review some of the concerns that were raised at that time.

Do you want me to continue right now with those concerns, Chair?

The Chair (Mr. Norm Miller): If you would like to raise those concerns, go ahead.

Mrs. Liz Sandals: Okay. I will continue with that right now, then.

If we look at the record back on March 21, Mr. McCarter said, "There's a number of challenges in doing this audit. We would probably not have access to—and I also talked to my staff about the challenges we would have in doing an audit of this nature. I've got a long list here. We would probably not have access to TransCanada or Greenfield records."

If I can interject, Auditor, is that still true, regardless of whether or not—that you, under the act, don't have access to the records of the private companies?

Mr. Jim McCarter: Yes. If we were to request something, we would probably do it through the OPA, and I suspect it would be up to them whether they wanted to provide it to us or not. I'm not sure we would have access to a private sector company's records.

However, with respect to the Mississauga one, where it's been settled, I'm hopeful that there would be enough documentation residing with the OPA to enable us to conduct a fairly fulsome review. We have very little information on the Oakville one, so it's hard for me to answer that.

But to get to your question, I'm not sure we would need any documentation from Greenfield, and I'm not sure, if we did, whether they would be liable to provide it to us. I think it might be at their discretion.

Mrs. Liz Sandals: Yes, because you did go on to say, back in March, "We would probably not have access to their staff to talk to them." That would not have changed.

“We might not even have access to the site, to go out and have a look at the site.” I’m not sure of the status of visiting the site, or whether that would actually be relevant.

Mr. Jim McCarter: I suspect that the OPA would be able to—I think certainly we could go out and look at the Mississauga site, and with the Oakville site, I’m not sure they could stop us from looking at the site. But it would be more the documentation which would be of interest to us.

Mrs. Liz Sandals: Okay. “We don’t know what kind of access we would have from a legal perspective.” Then you go on to say, “Ongoing negotiations—often, parties don’t want to talk during ongoing negotiations. There is a list of challenges to doing this audit. We’re certainly aware of the challenges that there would be to do this audit.”

Some of those exist regardless on the Mississauga site, on the Mississauga contract. You’ve got adequate information on the Oakville. All of those challenges would still exist. Is that fair?

Mr. Jim McCarter: I think with respect to the Mississauga one, most of those challenges would no longer exist because it’s been settled. With respect to the Oakville one, because it’s in arbitration, I suspect that a number of those challenges would remain.

Mrs. Liz Sandals: Okay. Thank you.

The Chair (Mr. Norm Miller): Perhaps at this time, with the amount of debate that’s going on, I can see we’re not going to get this resolved, either before we have to break for question period or before we have a witness scheduled at 12:30 this afternoon. So we’ll postpone this until after we come back, after our witness this afternoon.

Also, for the committee’s knowledge, there is one matter we have to deal with in camera this afternoon—the response to a question put to legal counsel—so we will want to have time for that.

Mrs. Liz Sandals: So would you be doing that after the witness?

The Chair (Mr. Norm Miller): Perhaps if the committee agrees, after our witness we should deal with the in camera concern first and then deal with the motion, so that it’s looked after.

Mrs. Liz Sandals: Okay.

Mr. David Zimmer: Is this the matter that I raised, Speaker, about getting an opinion from counsel about the—

The Chair (Mr. Norm Miller): Yes.

Mr. David Zimmer: Yes. Thank you.

M^{me} France Gélinas: So, Chair, can I call the question now?

Mrs. Liz Sandals: No, because I haven’t finished.

The Chair (Mr. Norm Miller): We’re still in the middle of debate, so no.

You can have five more minutes of debate.

Mrs. Liz Sandals: Then it goes on. When you look at Hansard, it goes on after that. This is an exchange between Mr. McCarter and Mr. Zimmer.

1020

“Mr. Auditor, how would you handle this, hypothetically, if you were doing the audit? You get into the audit, you’re looking at things and one of the parties to the contract, the government side, one of the private contractors or the utility and so forth says to you, ‘Mr. Auditor, we’d really like to co-operate with you fully and share all the information and so on, but we are on the cusp of a very delicate negotiation with various parties, and we just can’t respect our fiduciary relationship to the parties we’re representing in the negotiation and, at the same time, at this time, share this information with you, because it may do one of two things: It may place us, the party that’s raising this issue, in a terrible conflict of interest’ vis-à-vis their obligations to get the best deal for their side, and it could well place you, in their opinion, in a conflict-of-interest position because, depending on how you manage or interpret or use that information, you have the ability—almost inadvertently—to affect the negotiation one way or the other.”

I think that would be—from the conversation that we’ve had so far, that would still be the situation with Oakville, in response to the question that Mr. Zimmer raised at the time, and I think, given your earlier comments, that that situation would still be problematic with respect to Oakville.

Mr. Jim McCarter: I think we would go into Oakville, we would ask to see the documentation, but it could well be that the OPA indicated that because it was in arbitration, they might give us some documentation but say it’s protected by client-solicitor privilege; it may be harmful to the negotiations. At that point, it would be up to the professional judgment of the Auditor General either to essentially report that or to make a decision whether the Auditor General agreed with that statement. Some of those challenges would still remain with respect to Oakville, but we would pursue it as far as we could.

Mrs. Liz Sandals: And then in response to his question about how you would handle that, I think you said, at that time, something similar to what you just said now, that you “would not be surprised to see that situation arise, especially with respect to the two external parties, Greenfield and TransCanada, who would probably say, ‘Our primary responsibility is our fiduciary interest toward our shareholders, and consequently it’s not in the best interests of our shareholders to provide or share any information with you. We’re under no legal obligation to do so. Consequently, unfortunately, as much as we would like to help you out, it’s not in the best interests of our shareholders. Therefore, we cannot share information with you whatsoever.’”

So that would still be true of Oakville, then, what you said at the time?

Mr. Jim McCarter: Probably.

Mrs. Liz Sandals: Then you went on to say, “The ministry would be in a more difficult position with respect to that, because I think they’d be required to share information with us. Their concern would probably be,

'Just don't disclose anything, Auditor, that might jeopardize us paying the least amount of cancellation charges that we can pay.'"

Presumably, still the case with Oakville.

Mr. Jim McCarter: My sense is that the committee has made their direction to me very clear: not to disclose anything which could be harmful to either the taxpayer or the ratepayer's interests.

Mrs. Liz Sandals: Then you go on to say that "the ministry would have to provide us with full and complete access to whatever information they have, although I suspect they would also say that some of this is protected by client-solicitor information."

And that's what we're waiting for the Speaker to, in essence, rule on.

The Chair (Mr. Norm Miller): Ms. Sandals, we are now out of time for this morning, so we shall continue this debate after our witness this afternoon and after we've done the in camera discussion. We are recessed until 12:30.

The committee recessed from 1025 to 1230.

SPECIAL REPORT, AUDITOR GENERAL: ORNGE AIR AMBULANCE AND RELATED SERVICES

MR. JAY LEBO

The Chair (Mr. Norm Miller): I'd like to call the meeting to order and welcome back Mr. Jay Lebo to the committee as witness, and just remind you that you swore an oath last week, so you are still under oath. Thank you for coming back. Did you want to make any statement to begin with?

Mr. Jay Lebo: No. I'm back to answer your questions.

The Chair (Mr. Norm Miller): Very good. The committee does appreciate you coming back. At the end of your testimony last week, there were some points that came up, and then we did run out of time. We will move to the official opposition to begin with. Ms. Elliott.

Mrs. Christine Elliott: Thank you, Chair, and thank you, Mr. Lebo, for agreeing to come before the committee. We certainly appreciate your assistance and you gave us some very interesting information last time. I'd really like to pick up where Mr. Klees left off. He was asking you, during your time at Ornge, if you'd been asked to participate or be involved in any illegal or immoral activities, and you gave us an example with respect to—

The Chair (Mr. Norm Miller): Sorry, can I ask you to move your microphone a little closer?

Mr. David Zimmer: I just couldn't hear.

Mrs. Christine Elliott: Sure. Sorry. He asked you whether you had been asked to participate in any illegal or immoral activities, and you gave us several examples. I wonder if you could expand on anything else that you

were asked to do that you felt was wrong, either illegal or immoral?

Mr. Jay Lebo: Sure. It's hard to know where to start. I'm just kind of taking a minute to gather my thoughts.

Mr. David Zimmer: Sorry, I couldn't hear that either.

Mr. Jay Lebo: I just said it's hard for me to know where to start. There's a lot I could say, so I want to start with the most important things.

As a regional operations manager, I didn't feel as though paramedics were being treated in a particularly ethical way, and I gave some details last time about that, how I was instructed to lie about why I had to deny vacation.

Other circumstances centering around the paramedics would involve things like workplace injuries. There were a lot of workplace injuries at Ornge. Many of them, I felt, were due to defective equipment, and there really wasn't any appetite among senior management to do something like that, so I think letting people work with equipment that you know is likely to cause injury is unethical.

There were things that I was asked to keep secret like—this committee has heard a lot about the debate as to whether or not the Toronto base should be relocated to Hamilton or Oshawa or some other location, and this is a question that paramedics cared a lot about, because it had to do with where they were commuting to work. I wasn't allowed to tell them anything about that. I'm not sure that that was really unethical, but I sort of felt like they deserved more information about where they were going to be working next year. Some of them were in the process of buying houses closer to work and so forth, and I felt if somebody could have told me, "Give that person a nudge and maybe suggest that they shouldn't buy that house," that might have saved people a lot of money and aggravation, but—

Mrs. Christine Elliott: I'm sorry, could you tell us specifically what you did know about that decision?

Mr. Jay Lebo: The decision to move to Hamilton versus Oshawa versus whatever decision?

Mrs. Christine Elliott: Yes.

Mr. Jay Lebo: Well, I knew that Ornge was unhappy with having a base located on the Toronto Island, primarily because of the access issues to the island. I personally had to take the ferry to work every day. For a manager, that was merely inconvenient, but for paramedics and pilots, it had an impact on the service when people couldn't get to work or home from work because crossing that channel was impossible, which at times it is. And at that time, the question as to whether or not there was going to be any kind of pedestrian or automotive link from the mainland to the island was all up in the air. I think they've settled on a pedestrian link now, but at that time it was really ambiguous. So the company needed to move and there were a lot of variables that the decision needed to satisfy. I'll state right off the bat that I wasn't involved in any of that decision-making, but I can tell you what I understood the variables to be.

Obviously, there had to be an appetite on the part of the airport to have Ornge there, and not only on the part

of the airport but also the community. Ornge's helicopters are extraordinarily loud. They can't be compared to news helicopters or police helicopters, and that's something that people who aren't in the business might not appreciate. Ornge's helicopters are much bigger and much louder than the helicopters we see in the sky every day. So it was important to find a community that was going to welcome the helicopters and not be a long-term thorn in the organization's side.

It was also important to the organization, wherever they moved, to have the ability to accommodate jets, because that was part of Dr. Mazza's long-term vision. That immediately ruled out a lot of possibilities. When you start talking about jets—they make a lot of noise too, so some airports simply don't allow them. And even though most airports will make exceptions for medevac flights, you can't, for example, be flying jets in and out of Buttonville all day. The community wouldn't tolerate it. So finding a community that was welcoming was important.

As far as I know, probably the third-most important variable would have been the paramedics. People at Ornge did appreciate that if you live in Oakville, you don't want to work in Oshawa, and if you live in Scarborough, you don't want to commute to Hamilton. There was some desire to accommodate the paramedics as much as possible, although, of course, they weren't unanimous themselves as to where they wanted the new base to be. But certainly the senior management at Ornge didn't want to add to the already volatile relationship between management and the unionized staff.

Mrs. Christine Elliott: Do you know anything more about the decision-making process and what ended up happening?

Mr. Jay Lebo: No. I and the other regional operations managers were kept in the dark on that—intentionally, I'm sure, but I couldn't say why.

Mrs. Christine Elliott: Okay. What did they ask you to say to the staff, then?

Mr. Jay Lebo: I was instructed to say that all the opportunities were being examined and that the organization would make a choice that best fit the criteria and the constraints.

Mrs. Christine Elliott: What do you think was immoral about that, then? That they were kept in the dark too long, or that a decision had been made that was being withheld from them or—

Mr. Jay Lebo: I think it's debatable as to whether or not it was immoral, but being on the front line, I saw people who were uprooting their families in order to be closer to work. Anybody knows that their place of work might change at any time, but paramedics who work at Ornge don't really have the option of going somewhere else. If you're a critical care paramedic, there really only is one game in town and you're tied to that organization. It upset me to see people making long-term, family-type decisions to be closer to the island when I knew that it was coming to an end; or people speculating that the base was moving to Oshawa and then buying homes close to

Oshawa, and then if they find out later that they're commuting to Hamilton, that's going to be big problems for them.

I can't really put my finger on that and say that was unethical, but it was part of a pattern of keeping paramedics in the dark, and I think that the pattern overall was unethical.

Mrs. Christine Elliott: Can you tell us about any other maybe direct instructions you would have received from either Dr. Mazza, Ms. Renzella or anybody else that wasn't in keeping with perhaps the truth?

Mr. Jay Lebo: You want me to specifically think of times where I was instructed to lie?

Mrs. Christine Elliott: Yes.

Mr. Jay Lebo: I don't recall any other times. It seemed to me that there came a point that senior management—I say "seemed to me." It's important that I say I don't know what I don't know, but it seemed to me that there came a point when senior management decided to keep information from the regional operations managers to avoid having that problem. Rather than asking us to mislead the paramedics, we were just kept in the dark so that we didn't have any information at all.

1240

For example, I was frequently asked by the paramedics working in my region, "When are the new helicopters coming online? When will the first ones be delivered? When can we expect to be working on the new helicopters?" That was information I didn't have. It was never shared with me.

I mentioned the last time I was here about a couple of people I was instructed to terminate and how I felt that that was wrong.

I don't have a long list of lies that I was asked to relay to people, if that's what you're looking for, but what I can speak to more is just a general culture of opacity and secrecy. I'm sorry I'm not able to be more specific.

Mrs. Christine Elliott: Okay. And where did that come from?

Mr. Jay Lebo: Dr. Mazza.

Mrs. Christine Elliott: Did he ever say anything specific to you about any of these issues—about, you know, we need to keep information close—or was it just understood?

Mr. Jay Lebo: When I stopped working directly for Dr. Mazza and became a regional operations manager, my communications with him stopped. I remember being a little surprised by that, because I had worked closely with him for a year and I kind of expected him to maintain some sort of relationship. But I had very little personal contact with Dr. Mazza after I became a regional operations manager. My contact then was with my direct superiors and their superiors in the operations department.

Mrs. Christine Elliott: During the time that you did work directly with Dr. Mazza, you must have observed his interactions with a number of other people.

First of all, can you describe his relationship with Ms. Renzella. Were they close, in terms of business, dis-

cussing issues back and forth, or was she sort of left in the dark, as other people were?

Mr. Jay Lebo: No, most definitely they were close. Dr. Mazza was pretty good about getting the input of his senior executives, especially Ms. Renzella, before going ahead with something. I think that Dr. Mazza relied heavily on her financial expertise. They were fairly close. Dr. Mazza gave the orders, and Ms. Renzella followed them, but it seemed to me that they discussed things at length before pulling the trigger on anything.

Mrs. Christine Elliott: What about the relationship with Mr. Beltzner, the board chair? How did that work?

Mr. Jay Lebo: I'm not the one who placed Dr. Mazza's phone calls for him or made his appointments, so I don't know all of what went on between them, but they did seem to me to have a reasonably close relationship. The chairman was in the office fairly regularly. It was my understanding that they also met outside of the office fairly regularly. They seemed to have a reasonably close and friendly working relationship.

Mrs. Christine Elliott: Did Mr. Beltzner have an office at Ornge?

Mr. Jay Lebo: No, he didn't.

Mrs. Christine Elliott: And when you say "reasonably often," how often would he have been around?

Mr. Jay Lebo: Maybe once a month, maybe a little more.

Mrs. Christine Elliott: Okay. Did he have any interaction with staff, or was he mostly just speaking with Dr. Mazza or anybody else?

Mr. Jay Lebo: Mr. Beltzner is a friendly person, from what I know of him, and he would be friendly to anyone he would bump into in the office. But his business discussions were with Dr. Mazza.

Mrs. Christine Elliott: Did you, while you were working with Dr. Mazza, have the ability to attend any of the board meetings?

Mr. Jay Lebo: No. Actually, I never attended a board meeting.

Mrs. Christine Elliott: Did you get any reports about the board meetings? Did you see the minutes of the meetings?

Mr. Jay Lebo: Occasionally, but nothing memorable sticks in my mind. There was a corporate secretary at Ornge whose responsibility was all things board-related. There were minutes taken, and there was at least one board member who was present at all the—excuse me. There was at least one non-board-member who was present at all the meetings. That would have been the corporate secretary. That wasn't me.

Mrs. Christine Elliott: So the board meetings were always closed to anything other than strictly—

Mr. Jay Lebo: Yes, and often after hours too.

Mrs. Christine Elliott: Okay. Were staff ever invited to make any presentations on any issues? To your knowledge, anyway, were any issues discussed relating to paramedics, relating to design of helicopters? Were any of those issues discussed?

Mr. Jay Lebo: Executives often made presentations during board meetings, but I wouldn't be able to tell you anything about the substance of those presentations.

Mrs. Christine Elliott: When the issues arose with respect to the design of the helicopters, were you one of the managers at that point, or were you still working—

Mr. Jay Lebo: I was one of the managers. You've probably heard that two paramedics were assigned to that design team. One of those paramedics was in my region, so I heard second-hand information about how that process was progressing, but I wasn't involved.

Mrs. Christine Elliott: Can you give us some indication of what he told you?

Mr. Jay Lebo: That paramedic?

Mrs. Christine Elliott: Yes, please.

Mr. Jay Lebo: It sounded to me like things were going well. I was very glad to know that paramedics were on the team. That seemed to me like a reasonable assurance that whatever was designed would be acceptable to the paramedics. He told me that there were trips to Switzerland to try out the prototype. It seemed that that particular paramedic was pleased with the progress of the project.

I left the organization before that project was complete, so what happened after that, I couldn't say. Whether or not that paramedic was pleased up until the end, or whether it all fell apart after I left, I couldn't say.

Mrs. Christine Elliott: So you left, then, before people began experiencing difficulties with it. You've probably heard that they were unable to perform CPR on the helicopters. So that all happened—

Mr. Jay Lebo: Yes. It's my understanding that these problems weren't discovered until the new helicopters actually went into service, and that didn't happen until after I had left.

Mrs. Christine Elliott: Last week, you indicated that Dr. Mazza had wanted a meeting with Mr. Caplan when he was then Minister of Health—

Mr. Jay Lebo: Yes.

Mrs. Christine Elliott: —after he succeeded Mr. Smitherman. Did he make the same request with Minister Matthews? Do you know if there was a meeting with Minister Matthews at all?

Mr. Jay Lebo: I don't remember when Minister Matthews became the Minister of Health. Could you tell me? Do you know? I think it was after my time.

Mrs. Christine Elliott: It may well have been, but I'm just not sure.

Mr. Jay Lebo: I don't remember her name coming up while I was there.

Mrs. Christine Elliott: What about Minister Caplan? Were there discussions with him?

Mr. Jay Lebo: All I recall is Dr. Mazza mentioning, during a meeting of the executive management team, "There's a new Minister of Health and I ought to meet that person face to face." I don't know that that meeting ever happened.

Mrs. Christine Elliott: Have you ever heard the name Sophia Ikura?

Mr. Jay Lebo: No, I don't know that name.

Mrs. Christine Elliott: So you never had any interactions with her at all when you were there?

Mr. Jay Lebo: I've never heard that name before.

Mrs. Christine Elliott: I guess I'm just looking for some general information. While you were there, did you ever hear any other concerns that were being expressed about the operation by paramedics, by pilots, other than what we've heard already?

Mr. Jay Lebo: No, I think you've heard it all. There were lots of concerns expressed by paramedics, but I think most of them have come out in this committee.

In my time as regional operations manager, one of the most common complaints among paramedics had to do with a recent policy that had come out that said paramedics were not to engage in conversation with the Ornge communications centre; that when a call came in from the communications centre saying, "There's a call and you're going," paramedics weren't to engage in any kind of conversation. I don't recall if you've heard about that before, but it was certainly a major source of tension in the time I was there.

I could elaborate on that, if you'd like.

Mrs. Christine Elliott: Yes, please.

Mr. Jay Lebo: Okay. When a call comes in to a base, two things start happening at the same time. The pilots start preparing themselves and the aircraft, and the paramedics start preparing themselves to meet the patient. These two things happen in parallel.

1250

Usually the pilots take longer, meaning that the paramedics have some buffer time. The paramedics are always in uniform, ready to go out the door and get on the helicopter with zero notice, but the helicopter is not usually ready to go, because the pilots have to check the weather; they have to plan the route; they have to make sure the appropriate amount of fuel is on board etc. So usually the paramedics have a bit of downtime before the helicopter is ready to take them.

The paramedics felt—reasonably, it seemed to me—that a good use of that time would be to engage in conversation with the Ornge communications centre, and with the patch physician in the OCC, to refine the patient treatment strategy. Basically, the thinking was, "We've got five minutes here. The helicopter's not ready. Let's talk for five minutes about this patient."

An order came down from senior management that these conversations were not to happen anymore. The feeling was that paramedics were using this as an opportunity to delay calls or refuse calls or basically to obstruct the operation, and they just wanted that conversation stopped. The paramedics were really frustrated by that. They felt that they weren't given an opportunity to express their opinions and to share their expertise. They felt that they had value to offer in making the decisions as to how this patient would be treated. They were really bothered by the fact that their opinions were no longer welcome. That annoyed them a lot, and that was something I heard a lot about.

Mrs. Christine Elliott: And do you know what happened with that? Did those concerns get expressed back to senior management?

Mr. Jay Lebo: Yes. I brought those concerns directly to Mr. Lepine, the COO, and he was angry that these concerns were being voiced. The consensus among the senior management team seemed to be that paramedics don't like helping patients and they would rather stay at the base and not work, and that if they were expressing concerns like these, they were just smokescreens for the medics' real motive, which was to watch TV. That was how senior management felt, but it didn't take me very long on the front line to see that that wasn't the case.

The Chair (Mr. Norm Miller): You have three minutes left.

Mrs. Christine Elliott: Okay, thank you. Can you just express—was Mr. Lepine the person that you would normally have spoken to about any issues during the time—

Mr. Jay Lebo: He wasn't my direct superior, but when things got hairy, he would often join the operations meetings. He wasn't my primary point of contact, but, yes, I spoke with him frequently, both one-on-one but more commonly as a group, as an operations department.

Mrs. Christine Elliott: So he was certainly well aware of what the concerns were on the ground, so to speak?

Mr. Jay Lebo: Absolutely.

Mrs. Christine Elliott: And to your knowledge, then, he was pretty dismissive of any complaints of the nature we just discussed?

Mr. Jay Lebo: Yes.

Mrs. Christine Elliott: Was there anybody else—your direct supervisor, I'm sure. Can you tell me again who it was?

Mr. Jay Lebo: Yes. My direct superior was initially Steve Farquhar, the vice-president of operations, and during the second half of my time as regional ops manager, there was a director of operations inserted between me and Mr. Farquhar. That was a position that hadn't existed before.

I tried repeatedly to communicate my concerns to all of these people and could not get any traction.

Mrs. Christine Elliott: I guess I'm running out of time. Just in conclusion, is there anything else that you wanted to say before the committee that I haven't asked you about yet? Any specific thing that you think is important that we know about?

Mr. Jay Lebo: No, I don't think so. I don't know what's most important to you. I don't think I have any more bombshells, to use the Star's word, like the one that came out last week. So much of my knowledge is just superficial. I saw and heard a lot of things, but my knowledge about these things doesn't go very deep. I don't think that I have anything else, but I'm certainly happy to hear your questions. I'm sorry; I can't help you ask the right questions. I don't know what I could tell you that you'd want to hear.

Mrs. Christine Elliott: Thank you very much. We certainly appreciate your candour and, again, your appearance before the committee.

Mr. Jay Lebo: My pleasure.

The Chair (Mr. Norm Miller): Thank you, and we'll move on to the NDP. Ms. Gélinas.

M^{me} France Gélinas: Thank you, Mr. Lebo. The first thing I would say is, I'm assuming that the last week was very stressful for you: "Why is this committee calling me back?" Not to worry, we just want to continue the conversations we have had with you. You're not in danger of anything. It was just we ran out of time to finish the questions.

I will read, from your testimony from last week, a short paragraph, and this is where I will lead off—if I had had more time.

You start by saying, "As I mentioned to Mr. Klees, the overarching strategy goal for the organization was operational excellence. The biggest problem, in my region in particular, was trust, morale and engagement. I felt that senior management's style was making it impossible to achieve those objectives."

But you did go and become the regional manager. Were you able to change things? Was it successful?

Mr. Jay Lebo: No, in a word. I wasn't able to—I made some small incremental changes, but I wasn't able to have the kind of influence that I would have liked to have.

I didn't really understand—I had been told, before I became a regional ops manager, that the operation was in crisis and that the organization wasn't happy with the operations department. I didn't begin to understand until after I became an ops manager what the causes of those problems were.

M^{me} France Gélinas: Okay. So you went in thinking that a different management style was going to fix the issues, but the issues were different than that? Is that it?

Mr. Jay Lebo: Yes, exactly. I had thought that—yes, that's precisely right. I thought that a different manager with a different style could help restore trust and morale and start bringing the operation—start improving the operation. But when I got to the job, I discovered that the causes of the problems were originating at senior management. As a middle manager, I didn't have any ability to impact that, other than expressing my opinion to senior management, and I did that a lot.

M^{me} France Gélinas: Okay. So you have front-line workers who are very unhappy. You go in there with the goal of—you have some strong management skills, a new set of skills—a new manager who will be able to get this team to gel together and produce good-quality care. Once you look at the situation, you realize that it doesn't matter how fantastic a manager we put in there; the problems are coming from above. Were you also aware that some of those people who were really, really unhappy, participating in that low morale, were reaching out outside of the organization?

Mr. Jay Lebo: No. It wouldn't have surprised me to know that, but I didn't know that.

M^{me} France Gélinas: Okay. You say it wouldn't have surprised you. What makes you say that?

Mr. Jay Lebo: Paramedics were quite desperate for change. They had been operating in an environment that I would have considered to be intolerable, for a long time. I guess that, like me, they perceived no appetite for change within the organization. So if I had been in their shoes, I would have felt pretty desperate myself and probably would have taken that to anyone who would listen.

M^{me} France Gélinas: Some of what you call the immoral activities that you faced or had to deal with—you give an example of having to let go an employee. Did that employee—was he or she actually let go?

1300

Mr. Jay Lebo: There were two employees that I was ordered—there were two specific cases in which I was ordered to terminate an employee, over my objections. I ultimately had to. I objected for a while and then was ultimately given a point-blank direction: "You will do this today."

With one of those employees, it's my understanding that that termination was later overturned in a labour arbitration. The other employee, I don't know what happened with that, but it's my understanding that the union grieved it. But, yes, I did terminate those people.

M^{me} France Gélinas: Okay. And so—

Mr. Jay Lebo: I would prefer to say I delivered the termination message. It wasn't my decision to terminate them.

M^{me} France Gélinas: But the dirty deed was done.

Mr. Jay Lebo: Yes.

M^{me} France Gélinas: So it wouldn't be a big stretch to think that those employees, then, felt the need to reach out because they felt that what was happening to them was not fair.

Mr. Jay Lebo: Well, because both of those terminations were grieved by the union, I would infer that those paramedics had some expectation of getting their employment back and probably would have stayed quiet to avoid burning that bridge.

M^{me} France Gélinas: So the people who you felt would be reaching out would be other than those two?

Mr. Jay Lebo: Precisely, yes.

M^{me} France Gélinas: I forgot—you gave us the size of your workforce last week and I forgot how big it was.

Mr. Jay Lebo: It was in the neighbourhood of 35 people, including part-timers and a couple of admin staff.

M^{me} France Gélinas: Was this general feeling of low morale throughout everybody or was it specific to the paramedics versus the pilots versus the fixed-wing versus the temporary workers or the—

Mr. Jay Lebo: I would say that low morale penetrated all parts of the operations department but was particularly strong among the paramedics. The pilots had a different employer, but by virtue of how closely they worked with the paramedics, the low morale contagion spread to them, and to me.

M^{me} France Gélinas: And to everybody else around.

Mr. Jay Lebo: Yes.

M^{me} France Gélinas: But you're not surprised that those people would—you basically tried within the organization, the communication channel that existed to you, to help them. They had tried to help themselves. Nothing in-house was working, so it's no surprise that they started to become whistle-blowers.

Mr. Jay Lebo: Yes. I mean, you learn at business school that in order for people to deliver excellence and to be engaged in their work, management needs to give them the right kind of environment and culture, and that if you don't do that, then it's a foregone conclusion what's going to happen. People who aren't treated with dignity and respect won't deliver excellence and won't be excited to go to work every day.

M^{me} France Gélinas: And given, as you said, that if you're a critical care paramedic, your employer is Ornge or you're not working in Ontario, they knew that they didn't have—because what most employees will do is they will walk.

Mr. Jay Lebo: Exactly.

M^{me} France Gélinas: They will say, "I had fun here, but I'm going to go have fun someplace else." They have nowhere else to go, so they have to make things work. For them, talking with their feet is not an option. Therefore, they started talking.

Mr. Jay Lebo: Exactly. For a critical care paramedic to leave Ornge and accept a job with another ambulance service would represent an enormous pay cut beyond what you could reasonably ask someone to do.

M^{me} France Gélinas: My colleague had a few questions.

Mr. Jagmeet Singh: Sure. Thank you again for being here today. You mentioned before to one of my colleagues that you weren't exactly sure what we wanted. I can tell you what I'm looking for and that might help you jog your memory or perhaps give you some insight into what I'm looking for.

What I want to know is if you could tell me, were there any signs that things were going wrong at Ornge, any red flags that the ministry ought to have known of, that the ministry ought to have seen because it was so flagrant—whether it's in the culture, whether it was in the management, whether it was in this culture of secrecy, whether it was in any other business arrangements? Were there any signs that ought to have been apparent?

Mr. Jay Lebo: I don't think so. We know that Ornge wasn't collecting a lot of data, and it's hard to make good decisions when you don't have any data. It's my understanding that the performance agreement didn't require them to collect lots of data, but it seems to me—maybe this is just because I went to business school, but it seems to me like common sense that in an operation like that you need to rely on data and evidence-based decision-making. Choose any successful company you care to name, whether it's McDonald's, Air Canada or whatever: They make decisions based on data, not on intuition and whim. And these are companies that are just trying to

earn money. When you've got an organization that's trying to save lives, it seems to me a moral imperative to collect lots of data and make data-based decisions. It always disturbed me that that wasn't happening at Ornge. But I can't say that it was any failing on the ministry's part that they didn't identify that, because I don't know how closely—

Mr. Jagmeet Singh: Sure. Whether working with Dr. Mazza or when you were working as a regional manager, what knowledge or awareness were you aware that the ministry knew about within your purview? Whether it was the helicopter purchases or whether it was the business plan or the vision of Dr. Mazza, what did the ministry know?

Mr. Jay Lebo: I really don't know what the ministry knew. I would hear people talking about upcoming meetings with the ministry, but I can't tell you anything about the substance of those meetings.

Mr. Jagmeet Singh: Okay. In terms of oversight—again, when you were working directly with Dr. Mazza or as a regional supervisor—did you ever experience or witness, or are you aware of any ministry officials and any audits, any spot checks, any sort of oversight?

Mr. Jay Lebo: There was the performance review I mentioned last week where ministry representatives came into the organization to evaluate the aero-medical side of the operation.

Mr. Jagmeet Singh: This is while you're a regional?

Mr. Jay Lebo: Yes. So they did things like inspect the paramedics' bags to make sure that everything was in there that was supposed to be in there, make sure that vehicles were ready to launch when they were supposed to, make sure that paramedics' documentation and vaccinations were in order—that sort of thing. But that really focused on regulatory compliance, which is a very different issue from organizational excellence, right? Legislation and regulations don't tell you how to run an excellent organization.

So, yes, there was oversight of the kind you're asking about, but it's not the kind of oversight that would have helped put a stop to the kinds of problems I've been talking about in the last few minutes.

Mr. Jagmeet Singh: The last area I want to touch on: looking at organizational excellence. I think that's really what it comes down to. I mean, regulatory oversight is important, but what I think the ministry should be doing or ought to have done then and should certainly be doing now in all organizations is provide operational oversight to ensure that there is excellence in the service that's delivered. As someone applying your business school lens and that critical analysis, what were some key, I guess, lack of excellence, flawed operational issues that were glaring in your mind?

Mr. Jay Lebo: Okay. I could give you a few examples. One example that comes to mind has to do with shifts. At the time I was there, paramedic shifts were always 12 hours, and there are always challenges that happen during a shift change and challenges associated with what happens when a paramedic shift ends but he or

she is not finished dealing with a patient, or maybe he is finished dealing with the patient but he's in Kenora and he lives in Toronto. So there are always challenges having to do with the timing of shifts.

So, senior management and operations senior management decided to play around with shifts a little bit. Instead of 7 to 7, maybe we try 9 to 9 or maybe we try overlapping the shifts or something like that. It seems that the question of when a shift should start and end can be answered with management science. You create a model and run simulations, and you see the impact of those simulations before you make a decision. But the decision in this case was just based on human intuition; you know, someone saying, "I believe that if the shift starts at 9, it will be better than if the shift starts at 7." We could have easily modelled that on a computer to see the operational impact of that decision, but that wasn't done. That's the first example that comes to mind, but that's typical.

1310

Mr. Jagmeet Singh: Any other examples that you can think of in—

Mr. Jay Lebo: Sure. During the summer months, the Toronto base puts a helicopter at Muskoka. There are two operational helicopters at the Toronto base. During the summer months, what the paramedics call "trauma season," you'd have one helicopter taking off in the morning and flying to Muskoka airport and just waiting there so that it could respond more quickly to a trauma in cottage country.

That seemed pretty reasonable to me, but you have questions about when does trauma season really start, what is the real operational impact of doing this? Again, that's something that you would model, right? You'd want to look at your call volume and where the calls are coming from and all of your response times and have a computer tell you where your helicopter ought to sit and wait, rather than just saying, "Well, it's the first day of summer, so starting today, we'll put the helicopter there." It's a multi-million-dollar asset and lives are in the balance. In my opinion, that's not how you make a decision like that.

Mr. Jagmeet Singh: Okay. Do you have any—

M^{me} France Gélinas: No. I would throw in, chart the temperature also.

Mr. Jay Lebo: Yes.

M^{me} France Gélinas: On big rainy days, you're not going to get any calls.

Mr. Jay Lebo: Absolutely.

M^{me} France Gélinas: All right. The last time—sorry, go ahead.

Mr. Jay Lebo: I just want to throw in that doing some regression analysis to correlate call volume with weather would have been an amazingly valuable piece of information. It would have taken a couple of hours for someone to do that, but that kind of thinking just didn't go on there.

M^{me} France Gélinas: And we see the consequences of it.

I'm going to take you on a whole bunch of things that we talked about last week that I wanted to dive into and didn't have time. Last time you were here, you talked about a conscious decision for salaries to be removed from the sunshine list. So how I would like to expand on this is, do you think that the people at Ornge—the executive at Ornge, were they worried about this decision, as in thinking that the ministry may be coming and asking about this? What do you know about this state of affairs?

Mr. Jay Lebo: I only know that Dr. Mazza wanted to keep salaries secret. I don't know why. There may not even—

M^{me} France Gélinas: He was successful; the salaries were secret.

Mr. Jay Lebo: Yes, but I don't necessarily know that he was trying to keep it secret because he believed it to be an unreasonable salary. It could have just been that he valued his privacy. He certainly did value his privacy, so I can't speculate on what his motives were but—I'm sorry, I've gone off track.

M^{me} France Gélinas: No, that's okay. I was asking you what you've heard about this conversation and this decision. At any point did people raise the issue that the ministry may come asking and the ministry should have access?

Mr. Jay Lebo: Not that I heard.

M^{me} France Gélinas: Not that you heard?

Mr. Jay Lebo: No.

M^{me} France Gélinas: So nobody worried about the ministry? They knew the ministry wouldn't be looking?

Mr. Jay Lebo: If anyone voiced an opinion along the lines of, "I think this is a bad idea," then I didn't hear it.

M^{me} France Gélinas: So nobody was worried about that decision?

Mr. Jay Lebo: No. I think it's important to recognize that Dr. Mazza built a team of people who would not disagree with him.

M^{me} France Gélinas: Okay.

Mr. Jay Lebo: So if you're wondering why didn't anybody say anything, it's because the people who might have said something had already been systematically eliminated from the organization.

M^{me} France Gélinas: And that was systematic, as in, you didn't agree with him, you didn't stay there long.

Mr. Jay Lebo: Sure. According to the testimony you've heard, it even happened among board members.

M^{me} France Gélinas: Yes, we did.

Another loose end: The MNP audit—this is where you talked to us about having been required to produce documents that basically had to be postdated. You did not do this. You produced the documents, but you put the dates that you wrote them on them.

Mr. Jay Lebo: That's what I remember.

M^{me} France Gélinas: Okay. Was management nervous about the audit taking place?

Mr. Jay Lebo: Yes.

M^{me} France Gélinas: And how can you know that?

Mr. Jay Lebo: When people are anxious, it shows. You can tell that there is anxiety. I don't think I'm able to

point to anything concrete, but there were—I mean, I don't know what to say.

M^{me} France Gélinas: No, that's okay.

Mr. Jay Lebo: It seemed to me like some very important people were spending an awful lot of time on something where it seemed to me like if you were just going to disclose the truth about everything, then that shouldn't take very long. It's obfuscation that takes time.

M^{me} France Gélinas: Yes. Of those people that you felt were nervous, could you name me a few?

Mr. Jay Lebo: Dr. Mazza and Ms. Renzella. The other people, I think, would have been too busy in their day-to-day jobs to worry too much about that. But Ms. Renzella was the point person for the audit. I expect that the chairman of the board would have been involved in those discussions too.

M^{me} France Gélinas: Okay. During the time that the audit was going on, do you know if the ministry ever did follow up, or even after, or intervene? Because there were long, long delays in getting that audit finally done. Anything you know as to people interfering? Something that should have taken a couple of weeks ended up taking a year and a half.

Mr. Jay Lebo: No, I don't remember anything about that.

M^{me} France Gélinas: Nothing about the length of time or anything like that?

Mr. Jay Lebo: No. I do know that in the executive management team meetings, questions were often brought to the table as to, "The auditor is asking for this. Do we disclose it or do we not disclose it?" I can't remember what it was they were discussing whether or not to disclose, but there was certainly a lot of attention paid to disclosing only the bare minimum.

The Chair (Mr. Norm Miller): You have about three minutes left.

M^{me} France Gélinas: Wow.

Who was the corporate secretary taking minutes?

Mr. Jay Lebo: In the time that I was there, it was Melinda Moore.

M^{me} France Gélinas: Melinda Moore?

Mr. Jay Lebo: Yes.

M^{me} France Gélinas: I'm going to save my two minutes.

The Chair (Mr. Norm Miller): Very well. We'll move on to the government, then. Ms. Sandals.

Mrs. Liz Sandals: Thank you for coming back again and making yourself available today.

One of the things that's certainly very clear to us from the testimony you gave last time and the testimony today is you've demonstrated a lot of concern about treating employees ethically. You've expressed concern about low morale. You seem to have a great deal of empathy for how the front-line staff, when you were regional manager, were feeling about things.

Certainly, some of the testimony that we've heard from other individuals who were front-line staff sort of has given us a sense of the passion and the commitment to really helping people. I think of Brandon Doneff, who

is a front-line paramedic, a critical care paramedic, based out of London, who is very highly trained and has written books on it; Jonathan Lee, who works out of Markham. Would he have been in your area?

Mr. Jay Lebo: Yes. Mr. Lee reported to me.

Mrs. Liz Sandals: Yes, and he would be on the pediatric team now. We were very impressed with the commitment and the passion that these folks have had.

I'm not asking you to name names, but can you think of incidents or people who—as I say, I'm not asking for names, but the sort of characteristics you observed demonstrating that sort of passion that people had, and commitment to the job?

Mr. Jay Lebo: I'm sorry. I don't think I understand your question.

Mrs. Liz Sandals: You seem to be very empathetic and concerned about what was going on with the front-line people. So often, what we've heard is negative. I mean, we've had Mr. Klees, who said, "I wouldn't want to be a pilot, I wouldn't want to be a patient, I wouldn't want to be a paramedic. This is just something that's totally broken."

1320

You seem to have been at the regional management level and paying a lot of attention to what was going on on the front lines. You've told us some of the operational challenges. What about the actual service delivery?

Mr. Jay Lebo: Okay—

Mrs. Liz Sandals: In terms of the individuals, the paramedics, who were out there actually interacting with patients.

Mr. Jay Lebo: The individuals that I worked with in the operations department were as universally dedicated and committed as any group of people you'd hope to have in any organization. Certainly my peers, the regional operations managers in other regions, were at least as dedicated as I was. For me, this was a pit-stop position on the way to a business career; for them, it was their career.

Mrs. Liz Sandals: This was their life.

Mr. Jay Lebo: That's right. Many of them had been former paramedics and had dedicated their careers to helping sick people. For me, helping sick people was just a lucky opportunity, something I was proud to be a part of but not something I dedicated my career to.

There were scores—I'm sure, still, scores of people in the organization who want to do a good job and have what it takes to do a good job, but they need the right leadership and direction and culture. Without the right support, your best intentions don't get you far enough.

Mrs. Liz Sandals: You talked about the fact that even at the time that you were there, that morale was low because people had a sense of struggling to do their job. What sort of impact would you expect it would have, then, to have this intense public scrutiny, a lot of it very, very negative, people denigrating the job that the people do? How would you expect that to impact the people that you had working for you?

Mr. Jay Lebo: I know that workers on the front line have been exposed to some abuse because people tend to

tar the whole group with the same brush. People see the Ornge scandal in the news and most people don't take the time to understand that this was orchestrated by a small group of people. They're brightly coloured vehicles, so they're sort of a magnet for public opinion, and I know that gets some of them down.

I think that they see it as a necessary evil. I'm not really close with people there anymore but I know that they believed that the leadership was broken and that the operation was broken, and I expect that they see this as a catalyst towards fixing those things. I would expect that they see it as the darkest—what's the saying? The night is darkest before the dawn? I think that's probably where they are now. Nobody's happy to see what's happening, but then nobody was happy with the status quo either. If this moves them forward, I think they probably welcome that and will suffer with the short-term damage to their brand that they literally wear on their sleeves, but hopefully it's a new beginning.

Mrs. Liz Sandals: You're certainly right about visibility. My little preschooler grandson sees one flying over Muskoka and goes, "Oh. Ornge. Helicopter." He knows what it is. He knows it's headed in and out of hospitals—

Mr. Jay Lebo: Yes. Nobody on that helicopter had anything to do with what we're discussing here. They're hard-working, highly trained professionals.

Mrs. Liz Sandals: You talked last time about the fact that you were terminated from Ornge in—I think it was January 2010—

Mr. Jay Lebo: Yes.

Mrs. Liz Sandals: —from the area manager position that you had talked about. Who did you report to directly at the point you were terminated?

Mr. Jay Lebo: Sandra Burnside, the director of operations.

Mrs. Liz Sandals: And she in turn reported to?

Mr. Jay Lebo: The vice-president of operations, Steve Farquhar.

Mrs. Liz Sandals: Okay. You indicated that you were fired because other executives at Ornge said that you thought they lived in an ivory tower. Can you explain, number one, who said that to you, and then, secondly, why would they say that? It seems like an unusual conversation to have at termination, if I can put it that way.

Mr. Jay Lebo: It was. The whole conversation was unusual. Steve Farquhar said that to me—and it was true; I did believe that. They were living in an ivory tower. They were disconnected from reality, unable to see that the problems that were driving them crazy were of their own making. I tried many times to explain that: "You've made operational excellence a strategic objective, yet the culture you cultivate precludes operational excellence." I couldn't make my superiors understand that.

Mrs. Liz Sandals: If you went back, say, six months before you were terminated—because you had been there for six months as area manager—would you have still had a positive relationship at that point? Was there a

culminating incident point when this relationship went south for you?

Mr. Jay Lebo: No. It was a pattern of me bringing forward my concerns and my analysis as to what I thought the causes of the problems were and what I thought the right remedies were and my being rebuffed. There was no climax, so to speak, but it was a pattern.

As I said to Ms. Gélinas, this company systematically eliminated people who disagreed with the direction in which things were going, so I felt that I was one of those casualties.

Mrs. Liz Sandals: You felt that you were one of the people being systematically eliminated because you were speaking out on behalf of the employees and trying to find a better way of doing things.

Mr. Jay Lebo: Yes. I had seen it happen to other people before me. When I was terminated, it wasn't a surprise.

Mrs. Liz Sandals: Thank you. I'm going to turn it over to Mr. Moridi.

Mr. Reza Moridi: Thank you, Mr. Lebo, for appearing before this committee for the second time.

Last week when you appeared before this committee, you said, "There were plenty of secrets at Ornge." I just want to explore this statement a little further with you, if I could. It has become abundantly clear to this committee through our 17 hearings and dozens of people who have appeared before this committee that Dr. Mazza kept many, many secrets from the employers, from the employees, from the public and also from the government.

Shortly after you said that there were plenty of secrets at Ornge, you made mention of Dr. Mazza's girlfriend, Ms. Kelly Long. Did you know Ms. Long?

Mr. Jay Lebo: I did.

Mr. Reza Moridi: As Dr. Mazza's executive aide—you served for some time as his executive aide—what was the nature of your professional relationship with Dr. Mazza?

Mr. Jay Lebo: The nature of my professional relationship with Dr. Mazza?

Mr. Reza Moridi: That's right.

Mr. Jay Lebo: I was his executive aide. I worked closely with him. He very generously allowed me to observe a lot of high-level meetings. He and I understood that part of the reason I accepted this role was so that I could observe first-hand what happens at the highest levels of an organization and learn from that. I often accompanied him on meetings and observed him day to day. He didn't include me in everything, but I was physically close to him. My desk was closer to his desk than anyone else's desk. I'm not sure what else I can tell you. It was a good working relationship.

Mr. Reza Moridi: And what was your professional relationship with Ms. Long?

1330

Mr. Jay Lebo: Again, our desks were in close proximity, so we saw each other in the office every day and we chatted and said hello, as you do with people you see in the office every day, but our work—we didn't cross

paths very much in terms of our work. I never worked with her on anything. But she was a face that I would see in the office every day.

Mr. Reza Moridi: You used the word “secret.” What were you referring to in relation to Ms. Long?

Mr. Jay Lebo: Mr. Singh asked me last week what the secrets were and he put me on the spot and I had trouble coming up with some answers. I’ve had a week to reflect on that and have some other ones that I’ve already shared in the last little while. I can only speculate. I was always told that they were friends. We know now that they’re together, so when did that change? Is that a recent development or is that an old development that was kept secret? I don’t know, but I suspect the latter.

Mr. Reza Moridi: Do you believe that Dr. Mazza kept his relationship with Ms. Long secret from employees?

Mr. Jay Lebo: It wasn’t a secret that they were friends. If they were more than that, then that was secret, and that’s why I can’t tell you, because it was secret from me.

Mr. Reza Moridi: Do you believe that Dr. Mazza played a hand in the rapid ascension of Ms. Long’s position and also her salary?

Mr. Jay Lebo: In the time that I was at Ornge, Ms. Long was a relatively junior person in the communications department, and she seemed to me well suited to that position. There were no red flags, to me, at that point. What happened to her career trajectory after that, I only know what I’ve read in the media. But if your question is, could she have become a vice-president without Dr. Mazza’s intervention, I don’t see how that could possibly be the case.

Mr. Reza Moridi: Thank you.

Mr. Tom Lepine testified before this committee that if anybody “crossed”—that’s his word—Ms. Long, then that person wouldn’t last long in the organization. Would you agree with this statement?

Mr. Jay Lebo: I’ve heard stories about people who discovered that for themselves. But I have no first-hand knowledge of anyone who suffered repercussions for upsetting her.

Mr. Reza Moridi: Mr. Lepine also claimed that Ms. Long had special access to Dr. Mazza relative to her colleagues. Do you agree with this statement?

Mr. Jay Lebo: Yes, I do.

Mr. Reza Moridi: Are there any secrets regarding Dr. Mazza and Ms. Kelly Long that you would like to elaborate on?

Mr. Jay Lebo: I really don’t know anything about them other than what I’ve read in this committee’s transcripts and the media. I knew that they were friends. I don’t believe that that was a secret. But as for further details of the relationship or the timing of the changes in the relationship, I don’t know.

Mr. Reza Moridi: Thank you very much, Mr. Lebo. Mr. Chair, I’m turning to Mr. Zimmer.

The Chair (Mr. Norm Miller): Mr. Zimmer.

Mr. David Zimmer: Thank you. What was your starting compensation?

Mr. Jay Lebo: As executive aide to the CEO, \$75,000 a year plus an opportunity to earn up to 30% of that as performance pay. I, in fact, earned about 20%.

Mr. David Zimmer: And your departing compensation?

Mr. Jay Lebo: As a regional operations manager, my base salary was \$85,000 plus an opportunity to earn up to 27% performance pay.

Mr. David Zimmer: And when you left, did you get a package?

Mr. Jay Lebo: I did.

Mr. David Zimmer: And what was the package?

Mr. Jay Lebo: I received three months’ severance plus a bonus payout that was—because the year wasn’t complete and it’s supposed to be performance pay, it was really just a calculation. They took my result from the previous year and calculated it pro rata and that’s how they decided how much bonus pay I would get.

Mr. David Zimmer: Who led the negotiations on that, on the company side?

Mr. Jay Lebo: Rhoda Beecher.

Mr. David Zimmer: And what reason were you given for your sayonara?

Mr. Jay Lebo: I was told that the organization was undergoing restructuring in the operations department and that I didn’t fit in with the new vision.

Mr. David Zimmer: How long had you been employed there?

Mr. Jay Lebo: Exactly two years.

Mr. David Zimmer: Do you know Mr. Blum?

Mr. Jay Lebo: Yes.

Mr. David Zimmer: Where do you know Mr. Blum from?

Mr. Jay Lebo: From Ornge.

Mr. David Zimmer: Did you know Mr. Blum before Ornge?

Mr. Jay Lebo: No, I didn’t.

Mr. David Zimmer: Did you work with Mr. Blum at Ornge?

Mr. Jay Lebo: I was in close physical proximity with Mr. Blum—our desks were close together—but I didn’t work with him, no.

Mr. David Zimmer: Were you aware of the rumours floating around the place about Mr. Blum’s drug problem?

Mr. Jay Lebo: No.

Mr. David Zimmer: On Dr. Mazza’s salary, the evidence that we heard was that Dr. Mazza went to great pains, or was greatly troubled by the idea that the knowledge of his salary would get out into the public domain. Were you aware of that concern of Dr. Mazza’s?

Mr. Jay Lebo: Yes.

Mr. David Zimmer: How did he express that concern to you?

Mr. Jay Lebo: It wouldn’t have been expressed directly to me, but I would have overheard him expressing that during the meetings of the executive man-

agement team. He wanted his salary to remain private. He was a private individual. I guess he felt that there are a lot of people out there who would be eager to get him, and the less information they have, the better.

Mr. David Zimmer: At the time that you became aware of those concerns, did you know what his salary was, that it was \$1.4 million, I think it was?

Mr. Jay Lebo: When I was his executive aide—okay. A few issues that I need to unpack. I don't think his salary was \$1.4 million while I was there. I understood his salary to be in the neighbourhood of \$400,000 to \$500,000 while I was there. He disclosed documents to me that suggested that his salary was in that range, and that's what I believed his salary was.

Mr. David Zimmer: And it was a matter of public record at that time. It was on the sunshine list.

Mr. Jay Lebo: In the time I was there, I think he had already disappeared from the sunshine list, but I could be wrong.

Mr. David Zimmer: But his salary initially was on the sunshine list.

Mr. Jay Lebo: It was initially, yes.

Mr. David Zimmer: So it wasn't a surprise that he was getting \$400,000. But then sometime afterwards, he became agitated that the salary was going to get out into the public domain—

Mr. Jay Lebo: Yes.

Mr. David Zimmer: —so a logical conclusion is that it must have taken a big jump, to create that anxiety on his part.

Mr. Jay Lebo: I don't know if I would necessarily say that's a logical conclusion, but it's a reasonable guess.

Mr. David Zimmer: All right. Did you know that he had taken some steps to get some opinions from a leading Toronto law firm, Fasken's, and in particular one Guy Giorno, about whether he had to disclose his salary or not?

Mr. Jay Lebo: No. I know that Ornge worked with Fasken Martineau a lot and was getting legal opinions from them on all kinds of things, but I wasn't part of those conversations. I don't know what was discussed.

Mr. David Zimmer: Typically, at least around this place, my executive assistant, and I'm sure others here have access—they see what's coming in on their boss's email account. They see the correspondence coming in. Did you have access to Chris Mazza's incoming emails and his correspondence, incoming and outgoing?

Mr. Jay Lebo: No. It's important to distinguish my role from that of an executive assistant. Dr. Mazza did have an executive assistant, but my role was one of business analysis.

Mr. David Zimmer: Let me take you to the email—I think we've got a copy of it here. I'm referring to the email from Chris Mazza dated November 1, 2007, to Malcolm Bates at the Ministry of Health.

Mr. Jay Lebo: Thank you.

Mr. David Zimmer: Everybody's got that?

The Chair (Mr. Norm Miller): Does everyone have that?

Mr. David Zimmer: Yes, that was introduced—

Mrs. Liz Sandals: Oh, dear. By Malcolm?

Mr. David Zimmer: Yes.

Mrs. Liz Sandals: I think in Malcolm's testimony—because somehow we've got it that—it came from testimony. I think it was part of Mr. Bates's testimony.

The Chair (Mr. Norm Miller): Would other members like a copy of this email?

Mrs. Christine Elliott: Yes, please.

Mr. David Zimmer: Yes, you might want to have it, because I'm going to go through it in some detail.

The Chair (Mr. Norm Miller): Okay, we'll have to make a copy. You just have a couple of minutes left, although if the committee decides they want to extend it a few minutes, that's fine.

Mr. David Zimmer: Why don't we take a couple of minutes and do the copying. Then I can pick it up and treat it all as a whole.

The Chair (Mr. Norm Miller): We'll recess for a couple of minutes, then, until we get those copies made.

The committee recessed from 1340 to 1341.

The Chair (Mr. Norm Miller): We'll start. You have three minutes. Hopefully, we'll have the copies back.

M^{me} France Gélinas: Again, thank you for agreeing to come back. Some of the most shocking testimony that you did last week—certainly the one that grabbed headlines—had to do with what you said at the very end. Coming back on this, it had to do with—anything you can remember about the disgruntled employees: when they talked to one another, if they talked to people outside? Anything at all that you haven't shared with us yet?

Mr. Jay Lebo: No. If any paramedics were talking to outside parties, I'm sure they would have tried hard to keep that from me, lest I inform on them.

M^{me} France Gélinas: Okay, so it would be by design that you would have been excluded from this because you were considered part of management?

Mr. Jay Lebo: Sure. People understood that if you went to the ministry or you went to the press, you were going to lose your job, so they weren't going to tell their manager about it.

M^{me} France Gélinas: You know that they would lose their job because of the confidentiality agreement that they have to sign?

Mr. Jay Lebo: No, I think it was just understood that you did not go outside the organization.

Mr. Jagmeet Singh: So right now, I'm sure you've heard what's going on with Mr. Wade, who testified here and has been suspended. Does that seem consistent with the culture at Ornge when you were at Ornge?

Mr. Jay Lebo: I don't know what's going on with Mr. Wade. I understand that Ornge is saying that what's happening has absolutely nothing to do with his testimony here, and I don't know if that's true or not. I don't feel like I could comment on that.

M^{me} France Gélinas: The confidence has not been rebuilt so that now, when Ornge speaks, we know for a fact that it's speaking the truth. The old culture, where people didn't believe when management spoke, is more or less still there?

Mr. Jay Lebo: I don't know. I can only speculate, but it seems unlikely to me that they would treat Mr. Wade that way because of his testimony, because it's so transparent. I don't know Mr. McKerlie, but I don't think he's that dumb, which makes me think that what he's saying is probably true, that there's something else. But I don't know.

M^{me} France Gélinas: If you look at what was happening at Ornge, it was having an effect on the operations of it, yet we function within the Ministry of Health where the Ministry of Health pays agencies to deliver services to the people of Ontario. The ministry has a role of oversight, yet none of this worked. Ornge continued to go down this path that affected operations. Do you figure that what happened at Ornge could be happening in the 3,000-and-some other transfer payment agencies of the Ministry of Health, that those circumstances could be repeated someplace else?

Mr. Jay Lebo: I guess that's more likely than not. I mean, it depends if you want to say that the mistakes made at Ornge were random errors or systemic errors; "There's something wrong with the system." Is the system fundamentally lacking in oversight and controls? You probably know better than me.

It looks to me like the basic framework of a strong performance agreement was missing. The performance that Ornge was supposed to deliver was not sufficiently articulated and the compliance wasn't sufficiently communicated. So it would be my guess that that's probably a systemic error that you would find in other organizations.

The Chair (Mr. Norm Miller): And thank you very much. We'll move to the government, which has two minutes left.

Mr. David Zimmer: Thank you. You've got this memo from Mazza to Bates. The first sentence is, "Further to our telephone conversation yesterday, I am deeply concerned by, and opposed to, the sudden and over-reaching proposal of the office of the provincial controller," to consolidate the financial statements of Ornge.

He goes on in four pages of detailed analysis on 10 points, and then he concludes in the last sentence: "Given all the foregoing"—that's all his detailed reasoning why it's a bad idea—"we trust that you," meaning the ministry, "will immediately withdraw this proposal which completely flies in the face of the public policy," and so on and so on and so on. Then he says, "There is not one single indicia," or reason, why Ornge's statements should be consolidated.

Did you work on this document?

Mr. Jay Lebo: No, I've never seen this document before.

Mr. David Zimmer: Did you know that Mazza was passionately opposed to consolidating—

Mr. Jay Lebo: Yes, I did. I did know that.

Mr. David Zimmer: And did you give him any advice on that?

Mr. Jay Lebo: No.

Mr. David Zimmer: Did he ask you for any of your advice?

Mr. Jay Lebo: No. Governmental relations is not my area of expertise. He wouldn't be looking to me for that kind of advice.

Mr. David Zimmer: Do you know who at Ornge worked with Mr. Mazza on this idea, that this was a bad idea to consolidate?

Mr. Jay Lebo: He would have relied on his vice-president of governmental relations.

Mr. David Zimmer: In your role as executive assistant, MBA person, do you have a view on whether it was reasonable for the government to say to Ornge, because of the public monies involved, "Consolidate"?

Mr. Jay Lebo: I don't feel qualified to give an opinion on that. I really don't have any opinion about it. I guess it seems reasonable to consolidate.

Mr. David Zimmer: Did Mazza ever treat you badly, rudely, aggressively, unprofessionally, yell at you, shout at you, say, "Get the hell out of here," or lose his temper with you?

Mr. Jay Lebo: No more so than you would expect any boss to do from time to time.

The Chair (Mr. Norm Miller): And we are out of time there.

Mr. David Zimmer: Thank you.

The Chair (Mr. Norm Miller): We thank you very much for coming once again to the committee, Mr. Lebo. We appreciate you taking the time.

Mr. Jay Lebo: You're welcome.

The Chair (Mr. Norm Miller): We are briefly going to go in camera now.

The committee continued in closed session from 1349 to 1356.

COMMITTEE BUSINESS

The Chair (Mr. Norm Miller): We're back in open session then. We were in the midst of debate on the motion from Ms. Gélinas from March 7, as amended by the committee. Ms. Sandals, you wish to speak to it?

Mrs. Liz Sandals: Yes. I was talking about the concerns that we had and that had been captured by the auditor. Clearly, there are going to be some challenges.

Just to review, because we're coming back to the middle of this, we are not opposed to doing a review of Mississauga. For Mississauga, the information is public; it's appropriate now to do a review. In our view, the whole issue around Oakville is the issue of whether it's the appropriate time to be looking at Oakville because, obviously, there are still going to be challenges accessing the volume of records that are protected by privilege, in particular solicitor-client privileged records. In the case of Oakville explicitly, there are still ongoing proceedings,

confidential negotiations; there are going to be a lot of concerns there.

It seems to me that this has been presented by the opposition as cut and dried and “You can just do this and do it quickly.” But it seems to us that in fact this is something that’s going to be a somewhat difficult process because Mississauga’s pretty cut and dried; Oakville is very much up in the air. We’re still awaiting the ruling from the Speaker on how much of the information is privileged.

I would actually like to move an amendment to the motion that’s currently on the floor that recognizes, the way it is currently structured, that this is going to be a difficult audit and to add the words “by no later than September 1, 2003” to the end of the motion. As amended, it would end up saying, “I move that the Standing Committee on Public Accounts immediately request that the Auditor General examine the contracts between the Ontario Power Authority and gas-fired plants proponents TransCanada Corp. (Oakville) and Greenfield South Power Corp./Eastern Power (Mississauga), focusing specifically on the potential cost to ratepayers of the government’s 2010 and 2011 decisions to cancel the projects, and report back in a special report by no later than September 1, 2003.”

M^{me} France Gélinas: Is it 2003?

Mrs. Liz Sandals: Sorry, 2013. I’m missing reading a “1” in there. You’re right, 2013. There’s the motion.

The Chair (Mr. Norm Miller): We’ll recess for a few minutes so that we can make copies for everyone.

M^{me} France Gélinas: If all it is, is a date and if she’s going to support the motion if we support her amendment and if—Mr. Auditor, can you live with it, within a year? Let’s get this done.

Mr. Victor Fedeli: They’re suggesting Mississauga, not Oakville.

Mrs. Liz Sandals: No, I didn’t—I just read the motion that’s currently on the floor. I disagree with the main motion, but if you insist on putting Oakville into the main motion, I think we need to make it clear that this is going to take a little while, or at least that we’re clear that we’re allowing the auditor—but I think they’re copying—

The Chair (Mr. Norm Miller): Basically, the only change you’ve made is by adding the date, “by no later than September 1, 2013,” correct?

Mrs. Liz Sandals: Yes.

The Chair (Mr. Norm Miller): Is everyone fine with that?

Mrs. Liz Sandals: I’d like to speak to that, if I may.

Mr. Victor Fedeli: Can you read it? Would you mind? Just so we get it.

Mrs. Liz Sandals: Well, it’s in writing. You can get a copy of it.

Mr. Victor Fedeli: I’m fine.

The Chair (Mr. Norm Miller): We’ll just read it into the record, please, Will.

The Clerk of the Committee (Mr. William Short): Ms. Sandals moved “that the Standing Committee on

Public Accounts immediately request that the Auditor General examine the contracts between the Ontario Power Authority and gas-fired plant proponents TransCanada Corp. (Oakville) and Greenfield South Power Corp./Eastern Power (Mississauga), focusing specifically on the potential cost to ratepayers of the government’s 2010 and 2011 decisions to cancel the projects, and report back in a special report”—here’s the amendment—“by no later than September 1, 2013.”

The original motion, as amended, included “and related documentation,” which isn’t in this motion, but that’s already in the main motion, as amended. Now we’re adding “by no later than September 1, 2013” to the end of the motion. That’s the new amendment that is now on the floor.

Mrs. Liz Sandals: So if I may speak to the amendment, then, please?

The Chair (Mr. Norm Miller): Yes, you may.

Mrs. Liz Sandals: This amendment is directed toward addressing a number of the concerns that have been raised by the government and by the auditor about the feasibility of conducting this audit at this point in time.

As we’ve said, this is a matter that was discussed over the course of several weeks at the estimates committee—that is, the availability of the documents. It’s a matter that involves large volumes of privileged records; it’s a matter that involves third party private sector companies in relation to highly sensitive commercial projects; and it’s a review that will require the dedication of substantial resources by the Auditor General.

It is incumbent on us to ensure that the Auditor General has the necessary time to conduct this audit, both to ensure he can get at the information he needs to get at—and it has got both Mississauga and Oakville in, at the moment—but also to ensure he isn’t forced by this committee to dedicate an overwhelming volume of resources in the immediate term, because we don’t want to interfere with the production of the annual report.

This just lays out the expectation that, obviously, the auditor would produce the report whenever he is finished, but to make it clear, given the requirement to look at both Mississauga and Oakville, that that may be a project that would take longer than simply to look at Mississauga.

The Chair (Mr. Norm Miller): Very well. Mr. Fedeli?

Mr. Victor Fedeli: Thank you, Chair. I appreciate that. The need to do this is real. I have heard on the other side that Mississauga is cut and dry, but I think it’s anything but cut and dry, and opens the door to questions that I would have about Oakville as well.

First of all, after the announcement was made of the \$180 million, a very short period of time passed before it was corrected to \$190 million. Then we learned of the sole-sourced deal between the government and the Mississauga proponent to build a new plant in Sarnia. This was a sole-sourced deal. You’ll see in a moment why I’m highlighting that, Chair. It’s anything but cut and dry. There are numbers that we are not aware of, because it was sole-sourced.

I have a concern about that sole-sourcing. First of all, we have no idea what kind of a deal was made; whether that was part of the deal with the \$190-million penalty; whether it was included in there; if part of it is buried in there. It's sole-sourced.

At the estimates committee on July 19, our finance minister, the former Minister of Energy, said, and I quote from Hansard—when we were talking about why the Lambton coal plant was not simply converted from coal to gas, on the tour that many of us took of Lambton, one of the first things that OPG representative said when we walked in the door was about how all parties agree that the coal plants should be shut down by 2014. We weren't even sitting down before the executives talked about how easy it is to convert a coal plant to a gas plant. In estimates on July 19, Minister Duncan—former Energy Minister Duncan—said, "...to my knowledge, you can't convert a coal plant to a gas plant." That is part of the reasoning used to allow Greenfield to build a new plant, because you "can't convert a coal plant." Yet only days later, in northern Ontario, referring to the Atikokan coal plant—I'll read you the release: "Ontario Power Generation (OPG) has signed a contract awarding Aecon's industrial division design and construction work for the Atikokan" coal "Generating Station ... conversion project"—"biomass conversion project"; I'm sorry. It is a gas biomass project.

I bring these two issues up because certainly we do know that you can convert a coal plant to a gas plant. The people at OPG told us that. The press release only days later, about a different coal plant, boasts about converting it. Yet we see a sole-sourced contract, not to convert the coal plant in Lambton but to give this company, after a \$190-million payout, a sole-sourced contract.

Why do we need to look at Oakville now? For the same reason, Chair. We need to look at Oakville to potentially learn, in advance this time, of any of these deals being negotiated between this government and Transfield with perhaps Nanticoke. That is what we will call the word on the street, that one of the side deals being looked at is the conversion of Nanticoke or a brand-new plant in that area. We're very concerned. You can fool us once, but shame on us if it's the second time, Chair.

We need to get into this Oakville plant's numbers. The auditor needs to have that opportunity to let us know what's going on before, and as soon as possible.

The Chair (Mr. Norm Miller): Thank you for that. Mr. Singh.

Mr. Jagmeet Singh: My first question is to the Auditor General specifically. Auditor, if we added that amendment, "by no later than September 1, 2013"—the earlier language of the motion says, "to immediately request that the Auditor General examine"—would this in any way slow you down? Would it in any way make the report come back later to us if we added that amendment? Would we—

Mr. Jim McCarter: I think my interpretation would be that, initially, the gist of what I was getting is, "We'd like you to get the Mississauga done as quickly as

possible, because it has been settled. However, with respect to Oakville, we understand that because it's in arbitration, we'd like you to go as far as you can. But having said that, Auditor, we would not want you to be disclosing information which could be prejudicial to the ongoing negotiations. If that's the case, then we'd expect you to come back again and basically say, 'Well, here's what I can report, but I can't really go any further.'"

My sense, and perhaps I'm reading the tea leaves wrong, is that by putting in the September 1, 2013, you might be saying to the auditor, "Even though you maybe get the Mississauga plant done within"—whatever—"six months' time, because we've given you to September 1, if it looks like the arbitration might be winding up in the spring, perhaps hold off and see if you can get that completed so you can get it to us by September 1." That would be my interpretation of it. Other than that, I would have to say that having the date in here certainly is no constraint to us. Regardless of the date, we would report as fast as we could report.

1410

Mr. Jagmeet Singh: Just to make everything clear, by adding September 1, 2013—if that amendment was to pass—it wouldn't slow you down. It wouldn't be that you would wait till that date.

Mr. Jim McCarter: It wouldn't slow me down. It might give me second thought: Is the committee really saying to me, "If you think the arbitration is going to be winding up in April, May, June, if before you might have just come out and given us a report at the end of February or in March on Mississauga saying, 'Here's what I can tell you on Oakville, but some of it I can't tell you because the arbitration is under way,'" I might be thinking—and I'm speaking a bit off the top of my head—the committee has said to me, "Take till September 1, if you'd like to, Auditor," and if the arbitration was winding up, I might decide to hold off tabling what I would have tabled, in the hopes that I could get all the information on the Oakville plant and give you a more fulsome report, if I could put it that way. Am I making myself clear, Mr. Singh?

Mr. Jagmeet Singh: Yes, you are, absolutely.

My submission to the committee is that I think that what we should do—and I'm hoping we can have some consensus on this—our goal would be to get as much information immediately on the Mississauga plant, because it's completed, and have that tabled as soon as possible within, obviously, your resource limitations, Auditor.

With respect to Oakville, I would prefer, and I have a feeling that my colleague would also prefer, that we get updated with as much information as possible as soon as possible, even if that's, "It's in arbitration. We can't release very much information to you." We'd like to have whatever is possible as soon as possible. If your report can't be as fulsome until later on, that's fine as well. But we'd like to immediately find out as much as we can as quickly as possible.

Mr. Jim McCarter: I can obviously go either way. Whatever the committee directs me to do, we'll do.

The Chair (Mr. Norm Miller): Ms. Gélinas.

M^{me} France Gélinas: I would just echo what Mr. Singh just said. I agree, Auditor, with your read of the thing, understanding that you'll give us what you can as soon as possible, respecting the taxpayer at the end of the day. Don't give us anything that will increase the cost, but give it to us as fast as you can. We've put a hard deadline as to no later than—but as fast as you can with a hard deadline.

The Chair (Mr. Norm Miller): Mr. Zimmer.

Mr. David Zimmer: Auditor General, I'm still struggling with this concept. As we all know, the Minister of Energy, Minister Bentley, has formally, in a lengthy letter, claimed not just that he's reluctant to give the information, but made a formal, technical and legal claim of privilege with respect to this information. I'm just talking about the Oakville thing now; Mississauga is done. How will you deal with that formal claim of privilege when you ask to see the documents? That's one thing. Then, how will you deal with this issue of that formal claim of privilege on those documents, which, I've said earlier this morning, was debated at length before the estimates committee? There was a vote on it and now an appeal of that decision the committee has taken to the Speaker, and we await the Speaker's decision on that.

The problem is that in the space of the same week—I'm making this hypothetically—you could show up and say, "Give me those documents," and the minister could say, "There's an outstanding formal, legal and technical claim of privilege, and we don't expect the Speaker's ruling until next week." Or it may be that the Speaker rules and upholds the minister's claim of privilege. Then what do you do?

Mr. Jim McCarter: I'll speak practically. I think, practically, what we would do is we would use our staff and get the Mississauga work up and running as quickly as we could. I think on the Oakville one, knowing that the Speaker's ruling is coming out in a week or two, we'd probably want to read the estimates Hansard documentation. It would take a bit of time for us to do all that, and I think we would wait for the Speaker's ruling to see what the Speaker's ruling would be.

Having said that, I think we would still go out and ask the question, "We've been asked to do this. What documentation are you prepared to share with us to allow us to go as far as we can on the motion?" I think it would be incumbent on us to at least ask that question. I guess that would be the way I would proceed.

The Chair (Mr. Norm Miller): Very well. Mrs. Elliott?

Mrs. Christine Elliott: Auditor General, you had asked for some direction on which way we would want to proceed with this, and we would certainly, as PCs, agree with the position articulated by Mr. Singh, which is to proceed with a Mississauga inquiry and then to go as far with the Oakville inquiry as you're able, with the ability to come back and report again, if material becomes available to you by the deadline.

Mr. Jim McCarter: And I would have to say, I think I would also use my judgment in the sense that if it looked like the arbitration was wrapping up and it meant that maybe in just an extra month I could get a more fulsome report—I think to some extent I'd have to use my judgment. I've always felt I could come back to the committee and also seek direction from the committee in three or four months' time saying, "This is where the situation stands now." My sense is I would have no hesitation in coming back to the committee and saying, "This is where I stand right now. I can go this route or this route. Does the committee have any direction?" Sometimes the committee will give me direction and sometimes the committee will say, "No, Auditor, you make the call and decide what you think is best."

The Chair (Mr. Norm Miller): Very well. Mr. Singh?

Mr. Jagmeet Singh: I'm very satisfied, Auditor, with your response and I'm completely satisfied with your position on it and the way you want to carry it out.

One thing I forgot to mention, and it's already been covered mostly, but I think it's important for us to know that each committee is independent and it's important, if we make a request, that this committee's request is honoured and respect. Then the Auditor General would do his job, and then if he receives information that he can't—whatever assertion made by the minister, whether it's an assertion of his right, under his discretion, not to release information, that that would happen to the Auditor General and that's fine, that would happen.

I think waiting to hear from the ruling would probably make sense, but I like the idea of asking the question and if, again, the minister asserts that, "This is under my discretion. I don't want to release this information," we'll deal with that when that happens. I think that doesn't preclude us from making the request. The minister can still exercise his discretion as he feels fit.

The Chair (Mr. Norm Miller): Mr. Zimmer?

Mr. David Zimmer: Just one question to the auditor just so it's on the record. Mr. Auditor, is it your position that if the Speaker gave ruling X and, notwithstanding that ruling X, your view of the matter was Y, the way the system works here, the ruling Speaker trumps your view of the matter? In other words, the Speaker has got the last word in this. If the Speaker says whatever and you disagree with that, does the Speaker have the last word?

Mr. Jim McCarter: I don't like to sit on the fence, but it would be difficult for me to give you a definitive answer without actually doing a bit more homework on what the issue is and, basically, what the ruling was all about, and then reading the exact Speaker's ruling. I think it would be hasty of me to give you a yes or no in advance of that, Mr. Zimmer.

Mr. David Zimmer: Thank you.

The Chair (Mr. Norm Miller): Very well. Can we put the question?

Mrs. Liz Sandals: Point of order.

The Chair (Mr. Norm Miller): Yes?

Mrs. Liz Sandals: A 20-minute recess before the vote.

The Chair (Mr. Norm Miller): Okay, this is on the amendment—

Mrs. Liz Sandals: On the amendment.

The Chair (Mr. Norm Miller): —put forward by you, Mrs. Sandals. Okay, 20-minute recess.

The committee recessed from 1420 to 1440.

The Chair (Mr. Norm Miller): We're back in session. Do we have unanimous consent to withdraw the amendment and the main motion, as amended? Agreed? Agreed.

Ms. Gélinas, I believe you have a new motion—

Mrs. Liz Sandals: And the other motion that was on the table about Oakville?

The Clerk of the Committee (Mr. William Short): The main motion, as amended.

Mrs. Liz Sandals: No, also withdrawing the other. There are two motions on the table that mention Oakville. The one that mentions Oakville only that France tabled the other day—

The Chair (Mr. Norm Miller): They've never been moved.

Mrs. Liz Sandals: Oh.

The Clerk of the Committee (Mr. William Short): They were never moved, so they're not on the floor.

M^{me} France Gélinas: We're not going to do this.

The Chair (Mr. Norm Miller): Okay. We have a new motion from Ms. Gélinas, if you would like to move that.

M^{me} France Gélinas: Yes, it reads as follows: I move that the Standing Committee on Public Accounts immediately request the Auditor General examine the contract and related documents between the Ontario Power Authority and Greenfield South Power Corp./Eastern Power regarding the cancelled Mississauga gas plant, focusing specifically on the cost to taxpayers, and that the Auditor General report back to the committee in the form of a special report before September 1, 2013, notwithstanding any prorogation of the House.

The Chair (Mr. Norm Miller): Any discussion? Ms. Sandals.

Mrs. Liz Sandals: Just one note: You read in "and related documents," and I thought we had decided we were better to rely on a Hansard reference to his usual powers under the act.

The Chair (Mr. Norm Miller): The Auditor General.

Mr. Jim McCarter: If I could just offer a comment: As long as it's the understanding of the committee that although it says "examine the contract" in compliance with the intent of the Audit Act, basically the intent is that I should have access to all related documentation to do as fulsome a job as I could, that that would be the committee's direction to me.

M^{me} France Gélinas: That's the direction.

Mrs. Liz Sandals: That would be our understanding.

Interjections.

Mrs. Liz Sandals: So it will be as printed, with September 1.

The Chair (Mr. Norm Miller): Yes, I believe so. Ms. Gélinas, is that fine with you?

M^{me} France Gélinas: It's absolutely fine with me. It was a technical error on my part.

Mrs. Liz Sandals: And then we'll get the—we're implying that we will pick up the motion, the wording around documents, from the Audit Act, which are the powers the auditor would normally have.

Mr. Jim McCarter: The only way I can see this coming up is, for instance, if the OPA said, "Well, Auditor, it just said 'contract' or 'contracts.' That's all we're giving you." I would then show Colin Andersen the discussion in Hansard to say it's very clear that the will of the committee is that I be provided access to all documentation. At that point, I don't think Colin Andersen would then say, "Auditor, I don't agree." I think it would be very clear from Hansard.

Mrs. Liz Sandals: Yes.

Mr. David Zimmer: Could you just read it again for me?

M^{me} France Gélinas: Absolutely. I move that the Standing Committee on Public Accounts immediately request the Auditor General examine the contract between the Ontario Power Authority and Greenfield South Power Corp./Eastern Power regarding the cancelled Mississauga gas plant, focusing specifically on the cost to taxpayers, and that the Auditor General report back to the committee in the form of a special report before September 1, 2013, notwithstanding any prorogation of the House.

Mr. David Zimmer: Thank you.

The Chair (Mr. Norm Miller): All in favour of this? Carried.

Mr. Singh, I believe you have a motion?

Mr. Jagmeet Singh: I do indeed, my friend. Mr. Chair, the motion that's before everybody is titled "Motion 5." Does everyone have that motion?

The Chair (Mr. Norm Miller): Just a sec. I think we have the copies here.

Interjections.

Mr. Jagmeet Singh: Mr. Chair, is it all right if I begin reading it?

The Chair (Mr. Norm Miller): Just hold on for a second.

Mr. Jagmeet Singh: Sure.

The Chair (Mr. Norm Miller): Okay, go ahead.

Mr. Jagmeet Singh: Thank you very much, Mr. Chair.

I move that notwithstanding the order of the House dated Thursday, February 23, 2012, the Standing Committee on Public Accounts request to the House leaders that it continue to sit past September 9, 2012, with its current membership in order to meet on the 2012 Special Report of the Office of the Auditor General of Ontario on Ornge Air Ambulance and Related Services.

The Chair (Mr. Norm Miller): Okay.

Mr. David Zimmer: You might want to take out request "to." Just "request the House."

Mr. Jagmeet Singh: Sure, that's not a problem. If you want to do a friendly amendment, I agree.

The Chair (Mr. Norm Miller): Okay, any discussion? Ms. Sandals?

Mrs. Liz Sandals: Yes. I guess I'm a little bit confused by this in the sense not that I don't hope that the current membership of the committee continue, because I actually do hope that the current membership of the committee continue because it would be a shame for us to have heard all this testimony and then not to actually digest it and make recommendations about it. I don't disagree with the request that the current membership continue. What I'm struggling with is that my understanding was that it was the opposition House leaders who actually wanted the motion that says that the committees sort of self-destruct on September 9. It wasn't the government that asked for it; it was the opposition that asked for it. So I'm a little bit confused as to why the opposition is asking the House leaders to change something that we, in good faith, negotiated with the House leaders. I don't feel like I've got the authority to overturn an agreement that we made with the opposition at the opposition's request.

The Chair (Mr. Norm Miller): Yes, and apparently, this wouldn't be binding on the House leaders, but it would be reported to the House leaders. It would still be up to them. Jagmeet?

Mr. Jagmeet Singh: That doesn't change the meat or the substance of the motion, so I'd like to call the vote at this point.

The Chair (Mr. Norm Miller): Mr. Zimmer?

Mr. David Zimmer: I don't have any problem with this because what it says is that we "request the House leaders." At the end of the day, the House leaders are going to figure it out and we, as the loyal foot soldiers of our respective parties, will get our marching orders.

I'm quite happy to see—although I'm speaking personally and privately, I would hope that your House leader of the official opposition might remove Mr. Klees.

M^{me} France Gélinas: You'll have to put that in the motion.

Mr. David Zimmer: I think he wants me off too.

The Chair (Mr. Norm Miller): Any other debate? Okay. All in favour?

Mrs. Liz Sandals: Point of order. Sorry, Chair: Point of order.

The Chair (Mr. Norm Miller): A point of order.

Mrs. Liz Sandals: A 20-minute recess, because it goes against what we—I've got to figure out whether we're going there or not.

The Chair (Mr. Norm Miller): Okay, well, a 20-minute recess, then, and this will not be finished at this meeting, as the committee finishes at 3 o'clock. We are recessed.

The committee recessed from 1448 to 1500.

The committee adjourned at 1500.

CONTENTS

Wednesday 5 September 2012

Committee business	P-725
Special Report, Auditor General: Ornge Air Ambulance and Related Services	P-732
Mr. Jay Lebo	P-732
Committee business	P-743

STANDING COMMITTEE ON PUBLIC ACCOUNTS

Chair / Président

Mr. Norm Miller (Parry Sound–Muskoka PC)

Vice-Chair / Vice-Président

Mr. Toby Barrett (Haldimand–Norfolk PC)

Mr. Toby Barrett (Haldimand–Norfolk PC)

M^{me} France Gélinas (Nickel Belt ND)

Mr. Phil McNeely (Ottawa–Orléans L)

Mr. Norm Miller (Parry Sound–Muskoka PC)

Mr. Reza Moridi (Richmond Hill L)

Mr. Jerry J. Ouellette (Oshawa PC)

Mrs. Liz Sandals (Guelph L)

Mr. Jagmeet Singh (Bramalea–Gore–Malton ND)

Mr. David Zimmer (Willowdale L)

Substitutions / Membres remplaçants

Ms. Cheri DiNovo (Parkdale–High Park ND)

Mrs. Christine Elliott (Whitby–Oshawa PC)

Mr. Victor Fedeli (Nipissing PC)

Also taking part / Autres participants et participantes

Mr. Jim McCarter, Auditor General

Clerk / Greffier

Mr. William Short

Staff / Personnel

Mr. Ray McLellan, research officer,
Legislative Research Service

3 1761 11467132 4

